

## Important changes to charges for new developments from 1 April 2020

Dear customer

We wrote to you earlier in October to you to inform you of some important changes that affect the way we charge for services to support new developments. The detail of changes is included in our earlier correspondence but we have summarised the main changes that will come into effect from 1 April 2020:

- Ofwat requires water companies to remove income offsets from requisition charges
- This means we will pay no asset payment to self-lay providers (SLP) when mains are self-laid and offered to us for adoption
- We will no longer make a payment that is the equivalent to the income offset amount to New Appointments and Variations (NAV)
- We intend to reduce our water infrastructure charges
- We will continue offer discounts for houses that are built to be water efficient
- Water companies are required to achieve the broad balance of charges that existed prior to April 2018

To illustrate how the changes to our charges may affect typical new developments we have included some examples with this communication. The examples show a number of scenarios where developers have requisitioned water mains from us as this is the area of charging that we believe needs some detailed illustration.

The changes that will affect developments where SLPs and NAVs provide new infrastructure are mentioned above and in our earlier correspondence. Where customers require connections to our existing water mains there will be no change to the way we charge currently, although those customers will also benefit from lower infrastructure charges.

Our examples, which are for illustrative purposes only, are intended to show any difference in the value for the types of charges that are changing i.e. requisition charges, income offsets and infrastructure charges. To simplify things, we have excluded other types of fees and charges (e.g. service connection charges, design fees, etc.) that are not changing in the way that we apply them. We have used some actual developments where customers have requisitioned water mains from us prior to April 2018 and shown how charges transition in the period before April 2018 to post April 2020.



We hope that this communication is useful in helping you to understand how things will change from next April. If you have any comments that you would like to share with us, we would be pleased to hear from you by 15 November 2019. You can write to us using our email address [ConnectConsult@nwl.co.uk](mailto:ConnectConsult@nwl.co.uk) or contact the following members of our Developer Services team who will be happy to talk to you:

Julie Maxwell, Developer Services Team Leader 01268 664460  
Ian McCrickard, Customer Service Manager 0191 4196576

Development parameters	
Number of houses	8
Length of water main outside development site (m)	4
Length of water main within development site (m)	108

Cost information	2017/18	2018/19	2020/21
	DADS calculation	fixed income offset per house	no income offset
Construction cost of water main	£5,246	£5,246	£5,246
Income offset amount	-£4,680	-£3,840	£0
Developer's payment for water mains	£566	£1,406	£5,246
Water infrastructure charges	£2,920	£1,920	£1,520
Combined cost of mains and infrastructure charges	<b>£3,486</b>	<b>£3,326</b>	<b>£6,766</b>
<u>Water efficient homes</u>			
Discount if all houses are water efficient	£0	-£1,920	-£1,520
Combined cost of mains and infrastructure charges	<b>£3,486</b>	<b>£1,406</b>	<b>£5,246</b>

#### Infrastructure charge and income offset information

Water Infrastructure charge rates		Income offsets	
2017/18	£365	2017/18	DADS calculation
2018/19	£240	2018/19	£480
2020/21	£190	2020/21	£0

Infrastructure charge values are indicative for 2020/21

Development parameters	
Number of houses	55
Length of water main outside development site (m)	20
Length of water main within development site (m)	201

Cost information	2017/18	2018/19	2020/21
	DADS calculation	fixed income offset per house	no income offset
Construction cost of water main	£12,300	£12,300	£12,300
Income offset amount	-£10,997	-£12,300	£0
Developer's payment for water mains	£1,303	£0	£12,300
Water infrastructure charges	£20,075	£13,200	£10,450
Combined cost of mains and infrastructure charges	<b>£21,378</b>	<b>£13,200</b>	<b>£22,750</b>
<u>Water efficient homes</u>			
Discount if all houses are water efficient	£0	-£13,200	-£10,450
Combined cost of mains and infrastructure charges	<b>£21,378</b>	<b>£0</b>	<b>£12,300</b>

#### Infrastructure charge and income offset information

Water Infrastructure charge rates		Income offsets	
2017/18	£365	2017/18	DADS calculation
2018/19	£240	2018/19	£480
2020/21	£190	2020/21	£0

Infrastructure charge values are indicative for 2020/21

Development parameters	
Number of houses	114
Length of water main outside development site (m)	30
Length of water main within development site (m)	767

Cost information	2017/18	2018/19	2020/21
	DADS calculation	fixed income offset per house	no income offset
Construction cost of water main	£32,400	£32,400	£32,400
Income offset amount	-£28,998	-£32,400	£0
Developer's payment for water mains	£3,402	£0	£32,400
Water infrastructure charges	£41,610	£27,360	£21,660
Combined cost of mains and infrastructure charges	<b>£45,012</b>	<b>£27,360</b>	<b>£54,060</b>
<u>Water efficient homes</u>			
Discount if all houses are water efficient	£0	-£27,360	-£21,660
Combined cost of mains and infrastructure charges	<b>£45,012</b>	<b>£0</b>	<b>£32,400</b>

#### Infrastructure charge and income offset information

Water Infrastructure charge rates		Income offsets	
2017/18	£365	2017/18	DADS calculation
2018/19	£240	2018/19	£480
2020/21	£190	2020/21	£0

Infrastructure charge values are indicative for 2020/21

Development parameters	
Number of houses	362
Length of water main outside development site (m)	280
Length of water main within development site (m)	2516

Cost information	2017/18	2018/19	2020/21
	DADS calculation	fixed income offset per house	no income offset
Construction cost of water main	£81,400	£81,400	£81,400
Income offset amount	-£72,090	-£81,400	£0
Developer's payment for water mains	£9,310	£0	£81,400
Water infrastructure charges	£132,130	£86,880	£68,780
Combined cost of mains and infrastructure charges	<b>£141,440</b>	<b>£86,880</b>	<b>£150,180</b>
<u>Water efficient homes</u>			
Discount if all houses are water efficient	£0	-£86,880	-£68,780
Combined cost of mains and infrastructure charges	<b>£141,440</b>	<b>£0</b>	<b>£81,400</b>

#### Infrastructure charge and income offset information

Water Infrastructure charge rates		Income offsets	
2017/18	£365	2017/18	DADS calculation
2018/19	£240	2018/19	£480
2020/21	£190	2020/21	£0

Infrastructure charge values are indicative for 2020/21