

New connections charges 2018.

**Our latest proposals.
December 2017.**



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Introduction

Purpose of this document

We're publishing this update to help our customers and stakeholders understand our latest proposals for our new Charging Arrangements, which will be published on 31 January 2018 and come into effect on 1 April 2018.

This paper builds on the consultation document we published in August 2017, which you can view at developers.thameswater.co.uk/-/media/Site-Content/Developer-Services/Connections-Charging.pdf?la=en, and:

- provides an overview of the feedback we've received from consultations and other customer and stakeholder engagement activities
- explains how we've taken account of this feedback and refined our proposals
- offers worked examples of how the new Charging Arrangements could work in practice, giving some indicative charges
- provides transparency of our proposed Charging Arrangements to help self-lay providers and NAVs compete effectively for connection services

This is not final

We've aimed to address the key issues and some common questions you might have in this document. However, while the information we've provided represents our current thinking, please be aware that we are still in the process of finalising our arrangements (including going through assurance and validation) and so this information is subject to change. Please do not rely on any information in this document for decision-making purposes, as our Charging Arrangements will not be finalised until 31 January 2018.



What do you think?

We welcome your questions or feedback on these proposals, which you can email to us at keyaccounts.strategicpartnering@thameswater.co.uk. We'll review and update our charges annually, and we intend to use customer feedback on our 2018/19 charges to inform any improvements from 2019/20 onwards.



Intended audience

This document is for anyone who will need to make a new connection to our water and/or wastewater network, or need a diversion or sewer adoption. This includes:

- property developers such as major housebuilders
- consultants applying for, or advising on, utilities on behalf of developers
- homeowners constructing (for example) a self-build, a separate annexe or an extension
- alternative connection providers such as self-lay providers (SLPs)

New Appointments and Variations (NAVs) may find this update useful to understand:

- how developers will be affected
- our charges for contestable works for competitive quoting purposes
- our charges for non-contestable new connections works, and the payment terms for these

This paper is also likely to be of interest to stakeholders such as industry bodies representing our customers (e.g. Home Builders Federation, Consumer Council for Water, Fair Water Connections and the National Custom and Self-Build Association), local authorities, the water industry group Water UK and our regulator Ofwat.

Overview of changes

All English water and wastewater companies are being asked to change the way they charge customers for new connections from 1 April 2018. Ofwat's new rules follow four overarching principles in respect of water and wastewater services:

- Stable and predictable charges
- Transparent and customer-focused charging
- Fairness and affordability
- Environmental protection

The changes will mean that more of our charges will be fixed and published, rather than provided on application, which will:

- enable developers to confidently estimate the charges for their work without needing to contact us
- allow alternative connection providers such as self-lay providers and NAVs to offer developers a competitive quote more easily

If you'd like to read the charging rules in full, please visit Ofwat's website at ofwat.gov.uk/publication/charging-rules-new-connection-services-english-undertakers/.

Each water and wastewater company is responsible for devising their own Charging Arrangements in line with Ofwat's charging

rules, and recognising Water UK's guidance on this topic, and so it's unlikely that the arrangements will be identical across the country.

The way that infrastructure charges are calculated is also changing from 1 April 2018 in accordance with Ofwat's Charges Scheme Rules, which can be found on their website at ofwat.gov.uk/publication/charges-scheme-rules/.

What services are affected?

We've outlined what's changing at a high level in the table below. We'll explain the changes in more detail later on in this document.

Service	Change in 2018/19?
New water and wastewater connections and lateral drains	All charges are to be fixed and published
Infrastructure charges	One fixed charge for water, and one fixed charge for wastewater
New mains and sewers (sometimes called requisitions)	Charges will be fixed and published, except where a defined list of special circumstances apply
Income offsets	No change to the basis of the calculation
Asset payments for self-laid water mains	No change to the basis of the calculation
Adoptions of wastewater infrastructure	No change to the basis of the calculation
Diversions (diverting existing water or wastewater infrastructure like mains, sewers and pumps) if required for your planned development	No change, but we'll publish indicative charges

For a further explanation of these terms, please see Appendix 1.

In addition, the costs of **network reinforcement** (work we need to do on our network to create capacity to support new connections) will no longer be charged directly to a developer in their connection charges. Instead, the cost of all the work we need to do on our network to create the capacity needed to support new connections will be covered by our infrastructure charges. This will be spread across all customers making new, first-time connections.

In making these changes, we'll maintain the broad balance of charges between developers and other customers (such as household bill payers) at the same level as it is today.

What's the timeline for the changes?

The key dates are:

- **31 January 2018**
New Charging Arrangements published on our website
- **1 April 2018**
New Charging Arrangements come into effect

Do the changes affect developers' ability to use an alternative provider to make their connections?

Absolutely not. Developers can still choose to use a self-lay provider (SLP) to install new water mains and connections and carry out water mains diversions, use their choice of competent contractor to complete lateral drains (as is the case today, we may need to inspect the connection), or ask a New Appointment and Variation (NAV) to serve them within an inset area.

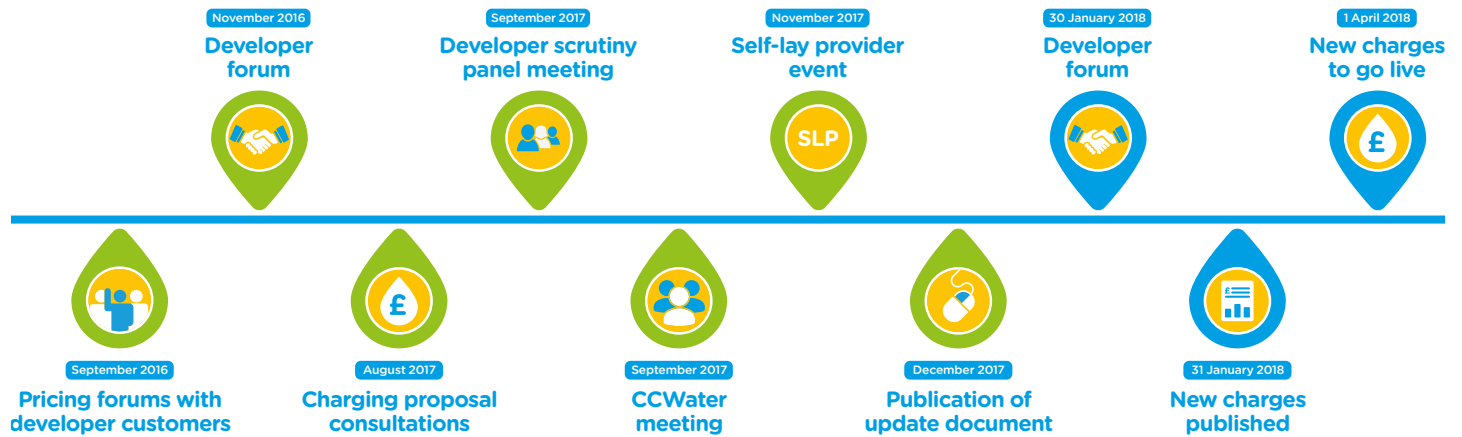
SLPs for water services: When arranging water supplies or water mains diversions for a site or new property, we want developers to choose the installer that best suits their needs and timescales. This might not be us. Independent 'self-lay providers' (SLPs) may be able to offer cost-effective terms and fit in better with construction programmes, and might also offer the installation of multiple utilities. Self-lay schemes receive equivalent service from us as all other jobs, and SLPs are accredited to all the standards required for us to adopt the pipework at completion. A list of SLPs who can be contacted for competitive quotes can be found on the Lloyd's Register website at lr.org/wirs.

Wastewater services: Customers can engage any competent contractor to construct new sewers, drains and wastewater connections for their development in many cases. However if a sewer connection is to a trunk sewer, we may refuse it, or need to construct it ourselves to avoid network impact or protect our workforce.

NAVs for water and wastewater services: NAVs are companies that have successfully applied to become a new water and/or wastewater provider within an existing water company's region. Successful applicants provide water and/or sewerage services for a specific area, typically a new or large development. If a developer chooses a NAV to supply their water and/or wastewater services, the NAV will own and maintain the network of the development. To find out more about using a NAV, visit Ofwat's website at ofwat.gov.uk/regulated-companies/markets/nav-market/.

Listening to customers

While we've been designing our new charging framework it's been important to us to hear what our customers think about our ideas. We've done this at several stages along our journey, as you can see from the timeline below.



In 2016 we held some early forums with large-scale housebuilders to understand their initial reactions to the high-level charging changes. A key learning for us was that this was a very complex topic to explain and discuss, and that developers needed to see more detail and have more time to digest it in order to give constructive feedback.

Based on this, over the next few months we worked on our proposals, and in August 2017 we published our consultation document (which you can view at developers.thameswater.co.uk/-/media/Site-Content/Developer-Services/Connections-Charging.pdf?la=en) and launched a customer consultation which had two parts:

- **An online consultation**, where we published our proposals on our website and invited customers and stakeholders to give feedback, providing a four-week period for comment. We promoted this to our customers (including developers, self-lay providers and NAVs), professional membership bodies such as the Home Builders Federation (HBF), Fair Water Connections (which represents self-lay providers) and the National Custom and Self Build Association (NaCSBA), and other stakeholders such as local authorities.
- **A targeted consultation** run by an external agency, to ensure we got input from homeowners and small builders, as well as major housebuilders, self-lay providers, and NAVs. Forty customers from across these groups were recruited to participate in an interactive online platform and give their detailed feedback on our proposals over the course of a week.

The key findings and outcomes from the consultations were:

- **Overall:** Customers understood the overall move to fixed charging and identified core benefits of clarity, transparency and more accurate budgeting.

- **Connections and new mains and sewers:** Customers identified benefits of our proposals as creating simple, transparent and predictable charges, and promoting competition. They told us that we must make the input parameters and calculation methodology clear and simple; we'll be doing this in our Charging Arrangements.
- **Income offset:** When a new water main or sewer is requisitioned for domestic purposes, the income offset is the amount we'll contribute to the cost of the work, in recognition of the future income we'll receive from the occupants, who will become bill payers for water and/or wastewater services. We proposed to continue to use the Discounted Aggregate Deficit (DAD) model to calculate the income offset until March 2020. Customers said they found the DAD model confusing, and told us we needed to make the income offset calculation clearer. We decided to address this by publishing a new user-friendly model for 2018/19 to allow self-calculation of income offset using the DAD approach.
- **Traffic management:** Most customers supported traffic management being built into our rates as a fixed uplift, rather than being billed at actual cost, identifying benefits as saved time and effort, and better predictability of charges. They told us that, for fairness, traffic management charges should only be applied to schemes that needed some form of traffic management, rather than these costs being spread across all customers, and we revised our proposals in accordance with this.
- **Infrastructure charges:** Feedback on introducing variable infrastructure charges was mixed and indicated this was a complex area to consider. We decided we'd need to gather more detailed customer response on this, and deferred any move to a variable charge model, simplifying our approach by setting fixed rates for water and wastewater infrastructure charges for 2018/19.

In September 2017, we met with six members of our 'developer scrutiny panel', which is formed of representatives from major housebuilders. We explained our latest proposals (incorporating changes in response to the consultation feedback) and received the following feedback:

- **Network reinforcement:** The panel reacted positively to Ofwat's rule change meaning they'd no longer have to pay directly for site-specific network reinforcement (as this would be covered by infrastructure charges) and recognised it would be crucial to work collaboratively on timings to avoid delays in meeting their capacity needs.
- **Connections and new mains and sewers:** The panel felt that our approach to fixed charges was positive, good for cost certainty and budgeting.
- **Income offset:** The panel agreed that making the DAD calculation for income offset more accessible/user-friendly would be helpful.
- **Traffic management:** The panel saw our proposal of a fixed uplift for traffic management, where it is needed, as a positive move for cost certainty.
- **Infrastructure charges:** The panel advised that significant lead time would be needed for their businesses to react to any incentivisation mechanisms within infrastructure charges that created variable rates, such as discounts for applying water efficiency or sustainable drainage measures. The panel understood we'd be setting one fixed infrastructure charge for water and one fixed infrastructure charge for wastewater in 2018/19, and offered to provide further feedback on any future changes.

In September 2017, we also met with the Consumer Council for Water (CCWater) to discuss our charging proposals, and explain customer feedback to date. CCWater expressed concern that homeowners might be adversely impacted by any future changes to infrastructure charges that introduced variability depending on network capacity in the development's geographical area, as customers building an extension to their home cannot easily choose where they are developing. We confirmed our intent to set fixed rates for water and wastewater charges in 2018/19, and to take this feedback into account when looking at changes beyond that timeframe.

In November 2017, we held a self-lay event attended by 27 self-lay providers and talked about the proposed changes to our charges as the main agenda item. Feedback from the session was positive in relation to the publication of fixed charges, with most focus centring on what the new figures would actually be, and how points of connection are decided. We have provided guidance on this in our worked examples section later in this document.

Throughout our consultation process, we've recognised that the new charging rules are a complex topic for customers, and recognise it is our role to make our customer information as clear and transparent as possible.

Our latest proposals

This section explains our latest proposals for our new Charging Arrangements, which have evolved since we published our consultation in August 2017 and take into account:

- Outcomes of our consultation and engagement work
- Compliance with the Ofwat rules and the Water Industry Act 1991 as amended
- Compliance with competition law
- Water UK guidance
- Constructing a framework that works for customers and promotes competition

This is not final

We've aimed to address the key issues and some common questions you might have in this document. However, while the information we've provided represents our current thinking, please be aware that we are still in the process of finalising our arrangements (including going through assurance and validation) and so this information is subject to change. Please do not rely on any information in this document for decision-making purposes, as our Charging Arrangements will not be finalised until 31 January 2018.



What do you think?

We welcome your questions or feedback on these proposals, which you can email to us at keyaccounts.strategicpartnering@thameswater.co.uk. We'll review and update our charges annually, and we intend to use customer feedback on our 2018/19 charges to inform any improvements from 2019/20 onwards.



General principles

Methodology for fixed charges

Where we've published fixed charges for new connections, these are based on the typical cost we expect to incur to carry out each of the specified elements. These have been calculated based on analysis of the cost of recent work (where possible, otherwise they have been estimated on what we think the typical cost might be). Our charges for works will be reviewed and updated annually.

Point of connection

Our connection charges will be based on connecting you to the **nearest reasonably practicable point** on the network where the parent main or sewer is at least the same diameter as your connection. There will be no additional charge in the event that we change the point of connection for capacity reasons, or if we need to carry out additional works beyond the point of

connection in order to provide capacity for your development.

Network reinforcement costs will be recovered as part of infrastructure charges.

Examples 5 and 6 in the worked examples section provide examples of this.

Traffic management

There will be no additional charges for traffic management for any schemes where fixed charges apply. Instead the cost will be reflected within the fixed charges for new connections, mains and sewers, as the rates vary depending on the surface type. Customers who don't need any traffic management at all are not asked to contribute, and this is reflected by our rates for work 'in unmade ground'.

For all schemes that are priced on application, traffic management will be charged based on the actual cost we incur to deliver the works. This means we'll provide you with a quote based on our best estimate, but our final invoice will reflect the costs we actually incurred, which could be more or less.

Payment terms

All works and infrastructure charges will be quoted using the rates in effect on the date of the quote and the information provided to us. You have the option of paying in advance or in arrears, however the amount you pay may be different if you pay in arrears.

If you decide to pay in arrears for your works, you'll need to provide security equal to the expected value of the works. We'll provide more details on this, including acceptable forms of security, in our final Charging Arrangements.

As today, infrastructure charges become payable at the point of connection, but most customers choose to pay in advance for convenience.

Domestic and non-domestic supplies

The charges we describe in this document apply equally to household and non-household properties for supplies intended for **domestic purposes**.

We've decided to apply the same charges for the works required to create new mains, sewers and connections for supplies for **non-domestic purposes**. However, as today, any supplies for non-domestic purposes will be subject to network charges, not infrastructure charges.

Adjustments and final accounting for schemes where fixed charges apply

New water and wastewater connections and lateral drains: Our quote is calculated based on the information available to us at the time. There are factors that may result in the works being different to our original design. If you believe our quote was different to what we delivered you can request a review of the charges for your connection. If we calculate that the charge for the actual works – based on our published charges – work out

different to the quote we gave you, we will make an adjustment for the difference. Note that all pipe laying charges are rounded up to the nearest whole metre and that our review may result in an increase in the amount you have to pay. Abortive charges and charges for additional site visits are not included in our quote and will increase the charge for your water or waste connection or lateral drain.

New mains and sewers: We will review each scheme on completion to assess whether the size(s) and length(s) of new water main or sewer laid were the same as in the quote; in the event that the diameter of the pipework was different, the surface type was different or else the length of the pipework was at least 3 metres more or less than in the quote, we will recalculate the charge for the scheme using our fixed charges and invoice or credit you for the difference. Note that the rates we use to re-calculate the final charges will be the fixed charges applicable on the date we issue the quote if you pay in advance or the fixed charges applicable at the date of completion of the new water main or sewer if you decide to pay in arrears. Abortive and additional visit charges are charged at the published rate applying on the date the charges are incurred.

Transition arrangements

We'll be operating transition arrangements to cover the period between 1 February and 31 March 2018, before the new Charging Arrangements go live on 1 April 2018.

During the transition period there will be four key scenarios:

- **New requests for a quote:** We'll continue to issue quotes under the old rules until 31 March, which will be valid for 180 days. We'll also include an illustration of the charges that would be payable under our new Charging Arrangements. If you'd like to be charged under the new Charging Arrangements you'll need to ask us for a new quote on or after 1 April 2018. If you need works to commence before 1 April 2018, you'll need to accept the quote under the old rules.
- **Existing quotes that are within their 180-day validity period on or after 1 April 2018:** We'll honour existing quotes within their 180-day validity period. From 1 April 2018 you can request a new quote under the new Charging Arrangements.
- **Schemes where the quote has been accepted, but work has not commenced by 1 April 2018:** We'll honour the agreed price. From 1 April 2018 you can request a new quote under the new Charging Arrangements. You can choose to be charged on either basis.
- **Where work has already commenced before 1 April 2018:** Transition arrangements will not apply.

Where a scheme has multiple elements of delivery, transition arrangements will be applied to each element separately. For example, on a site requiring a diversion, a new water main and water connections, each will be dealt with separately.

New water connections

Who can do the work?

Many parts of the work involved in making new water connections are 'contestable' and can be carried out by a self-lay provider instead of us. Alternatively a NAV could arrange your water connections as part of an inset area. For more information on your options, please see page 4 in our introduction section.



We will publish a schedule of **fixed charges** for **all sizes** of connection.

The charge will be based on the **surface type** (e.g. in a road, in a footpath, in unmade ground) and the **pipe diameter** and will be made up of the following components:

- A **connection charge** covering connection to the main, the first metre of pipe, boundary box, meter and outside stop-valve.
- A **pipe-laying charge per metre** for any additional pipe needed, rounded up to the nearest whole metre.

A different table of rates will apply if **barrier pipe** is required (e.g. if the ground is contaminated). If you are uncertain, we recommend you assume you will need barrier pipe for the purposes of a self-estimate. Apart from this, charges are unaffected by the pipe material used.

The rates for 25mm and 32mm water connections will vary depending on whether you need a single connection (which supplies a typical single home), or multiple standard connections, where, if there is space in the ground, a manifold can be used to provide up to six metered supplies at a lower overall charge than making the connections individually. This does not apply to larger connections. Manifolds come in 2-, 4- or 6-port models; if three or five supplies are needed then one of the ports is capped off.

Table 1 is an example of how our water connection rates could be set out. Our worked examples section shows some of these figures in use.

Table 1: Example of water connection rate matrix.

Water connection rates (where barrier pipe is needed)				
Connection charge (per connection)				
Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade or part-made ground	Connection with no excavation by Thames Water
25/32mm	Single £1,450 2-port £1,600 4-port (1 capped) £1,940 4-port £2,190 6-port (1 capped) £2,540 6-port £2,750	Single £1,140 2-port £1,260 4-port (1 capped) £1,530 4-port £1,710 6-port (1 capped) £2,210 6-port £2,460	Single £600 2-port £750 4-port (1 capped) £880 4-port £990 6-port (1 capped) £1,450 6-port £1,540	Single £430 2-port £520 4-port (1 capped) £620 4-port £750 6-port (1 capped) £1,120 6-port £1,370
50/63mm	£2,290	£1,790	£1,050	£760
80/90mm	£6,160	£5,140	£3,380	£2,000
100/125mm	£6,840	£5,700	£3,750	£2,160
150/180mm	£7,820	£6,270	£4,150	£2,390
200/250mm	£7,980	£6,670	£4,280	£2,520
300/355mm	£9,950	£8,580	£5,480	£2,810
Pipe-laying charge (per linear metre)				
Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade or part-made ground	Connection with no excavation by Thames Water
25/32mm	£290 /m	£230 /m	£100 /m	£50 /m
50/63mm	£340 /m	£270 /m	£130 /m	£90 /m
80/90mm	£930 /m	£770 /m	£640 /m	£380 /m
100/125mm	£1,000 /m	£910 /m	£750 /m	£480 /m
150/180mm	£1,730 /m	£1,420 /m	£1,240 /m	£1,100 /m
200/250mm	£2,180 /m	£1,990 /m	£1,570 /m	£1,390 /m
300/355mm	£2,500 /m	£2,280 /m	£1,800 /m	£1,590 /m

Water connection rates (where barrier pipe is not needed)

Connection charge (per connection)

Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade or part-made ground	Connection with no excavation by Thames Water
25/32mm	Single £1,260 2-port £1,420 4-port (1 capped) £1,750 4-port £1,950 6-port (1 capped) £2,310 6-port £2,510	Single £950 2-port £1,070 4-port (1 capped) £1,340 4-port £1,480 6-port (1 capped) £1,970 6-port £2,230	Single £410 2-port £560 4-port (1 capped) £690 4-port £760 6-port (1 capped) £1,220 6-port £1,310	Single £240 2-port £330 4-port (1 capped) £430 4-port £520 6-port (1 capped) £880 6-port £1,140
50/63mm	£2,070	£1,570	£830	£540
80/90mm	£5,880	£4,860	£3,110	£1,720
100/125mm	£6,540	£5,400	£3,450	£1,860
150/180mm	£7,490	£5,940	£3,820	£2,060
200/250mm	£7,630	£6,320	£3,930	£2,170
300/355mm	£9,570	£8,210	£5,110	£2,430

Pipe-laying charge (per linear metre)

Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade or part-made ground	Connection with no excavation by Thames
25/32mm	£270 /m	£210 /m	£80 /m	£40 /m
50/63mm	£280 /m	£220 /m	£80 /m	£40 /m
80/90mm	£850 /m	£700 /m	£560 /m	£300 /m
100/125mm	£900 /m	£810 /m	£650 /m	£380 /m
150/180mm	£1,580 /m	£1,270 /m	£1,090 /m	£950 /m
200/250mm	£1,980 /m	£1,790 /m	£1,370 /m	£1,190 /m
300/355mm	£2,280 /m	£2,060 /m	£1,570 /m	£1,360 /m

Additional charges for items such as re-quotes and abortive visits will apply, and these will also be fixed and published.

Application and design fees

During the 2018/19 charging period, we'll be introducing application and design fees for new water connections, which will cover the cost of processing an application, designing the connection and providing a quote. This is to make sure we are being fair to other water connection providers, such as self-lay providers, who incur similar costs to provide competitive quotes to developers, and have to pass these on to their customers.

We'll publish more information on this in our final Charging Arrangements.

New wastewater connections and lateral drains

Who can do the work?



In our experience most customers arrange the construction of wastewater infrastructure themselves, and thus will not incur charges from us for carrying out works, however consent fees (for permission to connect to our network) still apply.

We may publish a schedule of **fixed charges** for **all sizes** of lateral drain.

The charge could be based on the **connection depth** and the **pipe diameter** and could be made up of the following components:

- A **connection charge** based on the depth of the sewer you're connecting to.
- A **pipe-laying charge per metre** for any additional pipe needed, rounded up to the nearest whole metre.

Charges are unaffected by the pipe material used.

Table 2 is an example of how our charges for lateral drains could be set out. It's been challenging to put together fixed charges for lateral drains, as we only had a very small sample of 27 jobs in the last year to base them on. Because the cost of works varied widely across a small dataset, this has distorted the charges and increased the degree of cross-subsidy between customers.

Table 2: Example of lateral drain rate matrix

Lateral drain rates	
Connection charge (per connection)	
Connection depth	Rate
Up to 5m	£25,570
Up to 10m	£65,820
Over 10m	£127,620
Pipe-laying charge (per linear metre)	
Pipe internal diameter	Rate
100mm	£230 /m
150mm	£240 /m
225mm	£270 /m
300mm	£380 /m

What do you think?



This is the trickiest part of our new Charging Arrangements, and we really need your feedback. We'd like to know if you prefer charges for lateral drains to be:

- Calculated as in Table 2, providing upfront certainty of charges and easy estimating, but meaning you may pay significantly more (or less) than the actual cost of your work. This would be compliant with Ofwat's charging rules.
- Priced on application, so they are reflective of the actual cost of the work. This would mean we wouldn't publish fixed charges for lateral drains, so you couldn't estimate your own charges. This would be non-compliant with Ofwat's charging rules, but may be the best option for customers.

Please email your thoughts to us at keyaccounts.strategicpartnering@thameswater.co.uk.

New mains and sewers

Who can do the work?

Many parts of the work involved in laying new water mains are ‘contestable’ and can be carried out by a self-lay provider instead of us. Alternatively a NAV could arrange new mains and sewers as part of an inset area. For more information on your options, please see page 4 in our introduction section.



In our experience most customers arrange the construction of wastewater infrastructure themselves, and thus will not incur charges from us for carrying out works, however consent fees (for permission to connect to our network) still apply.

How we’ll charge

We will publish a schedule of **fixed charges** for new mains and gravity-fed sewers **up to 300mm in internal diameter**. For PE water pipes this equates to an external diameter of 355mm, but for water pipes made of other materials, and for sewer pipes, the external diameter can vary.

For **rising mains** (sewers which are not gravity-fed), and new water mains and sewers where there are **special circumstances** (described below), then the scheme will be **priced on application** and charged based on the actual cost we incur to deliver the works. This means we’ll provide you with a quote based on our best estimate, but our final invoice will reflect the costs we actually incurred, which could be more or less.

Special circumstances

Special circumstances are defined as circumstances where the technical complexity of the work is high or the type of work required is bespoke or carried out infrequently. For example, this could be working near major infrastructure such as railways or roads, or other factors such as archaeological remains, or Japanese knotweed.

A list of special circumstances will be fully defined in our final Charging Arrangements. We consider schemes involving pipework **larger than 300mm in internal diameter** to fall within this definition. This also applies to sewer pipes where the distance from the ground surface to the bottom of the inside of the pipe is greater than 2.5m.

Income offset, and asset payment for self-lay providers

We’ll continue to use the Discounted Aggregate Deficit (DAD) approach to calculate the income offset for new mains and sewers until March 2020. From April 2020, the income offset will instead become a credit against infrastructure charges.

On 31 January 2018, we’ll publish a new user-friendly model to help customers calculate income offset using the DAD approach.

Self-laid new water mains: As today, for **self-lay providers** the gross asset payment will continue to be equivalent to the income offset for a new water main. The net asset payment can be calculated by subtracting our charges for any work we carry out, which will be based on the same rates as we’d charge a developer.

Upsizing

There may be circumstances where we increase the size of a new water main or sewer in order to provide future capacity for other developments in the area. If this happens, we will not charge you in full for the upsized new water main or sewer.

Instead, you’ll be charged based on the proportion of the capacity of the new water main or sewer that is actually required for your development. The capacity apportionment will be based on anticipated flows for your development compared to the design capacity of the new water main or sewer.

Phased delivery

If a new water main or sewer is to be delivered in phases, we’ll incur additional costs associated with multiple visits to site, extra works and extra fittings. To reflect this we’ll add a ‘phasing’ charge to each new phase. The rates for this will be published in our Charging Arrangements.

How fixed charges are applied

Where fixed charges apply, these will be calculated in the same manner as for new connections. They’ll be based on the **surface type** (e.g. in a road, in a footpath, in unmade ground) and the **pipe diameter** and will be made up of the following components:

- A **connection charge** (for estimating purposes we recommend you assume no pipe is included within this).
- A **pipe-laying charge per metre** for any additional pipe needed, rounded up to the nearest whole metre.

A different table of pipe-laying charges will apply for water mains if **barrier pipe** is required (e.g. if the ground is contaminated). If you are uncertain, we recommend you assume you will need barrier pipe for the purposes of a self-estimate. Apart from this, charges are unaffected by the pipe material used.

Table 3 is an example of how our rates for new mains could be set out. Our worked examples section shows some of these figures in use.

Table 3: Example of new mains rate matrix

New mains rates					
Connection charge (per connection)					
Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade ground	Connection in part-made ground	Connection with no excavation by Thames Water
80/90mm	£2,070	£1,530	£1,090	£930	n/a
100/125mm	£2,320	£1,680	£1,210	£1,050	n/a
150/180mm	£3,070	£2,180	£1,730	£1,590	n/a
200/250mm	£4,470	£2,960	£2,240	£2,070	n/a
300/355mm	£4,970	£3,120	£2,470	£2,280	n/a
Pipe-laying charge (per linear metre) (where barrier pipe is needed)					
Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade ground	Connection in part-made ground	Connection with no excavation by Thames Water
80/90mm	£420 /m	£410 /m	£170 /m	£200 /m	£90 /m
100/125mm	£550 /m	£480 /m	£200 /m	£220 /m	£100 /m
150/180mm	£690 /m	£620 /m	£360 /m	£310 /m	£120 /m
200/250mm	£960 /m	£850 /m	£510 /m	£450 /m	£170 /m
300/355mm	£1,030 /m	£910 /m	£560 /m	£470 /m	£180 /m
Pipe-laying charge (per linear metre) (where barrier pipe is not needed)					
Outside diameter for PE pipes	Connection in a road	Connection in a private road or a footpath	Connection in unmade ground	Connection in part-made ground	Connection with no excavation by Thames Water
80/90mm	£390 /m	£380 /m	£150 /m	£170 /m	£70 /m
100/125mm	£520 /m	£450 /m	£170 /m	£190 /m	£80 /m
150/180mm	£550 /m	£480 /m	£220 /m	£290 /m	£100 /m
200/250mm	£730 /m	£620 /m	£280 /m	£430 /m	£150 /m
300/355mm	£750 /m	£640 /m	£290 /m	£450 /m	£150 /m

Table 4 is an example of how our rates for new sewers could be set out. Our worked examples section shows some of these figures in use.

Table 4: Example of new sewers rate matrix

New sewer rates			
Connection charge (per connection)			
Internal diameter	Connection in a road	Connection in a private road or a footpath	Connection in unmade ground
150mm	£11,860	£11,570	£9,430
225mm	£11,860	£11,570	£9,430
300mm	£11,860	£11,570	£9,430
Pipe-laying charge (per linear metre)			
Internal diameter	Connection in a road	Connection in a private road or a footpath	Connection in unmade ground
150mm	£520 /m	£440 /m	£260 /m
225mm	£540 /m	£470 /m	£290 /m
300mm	£740 /m	£640 /m	£400 /m

Additional charges for items such as re-quotes and abortive visits will apply, and these will also be fixed and published.

Diversions

Who can do the work?

Many parts of the work involved in diverting water mains are ‘contestable’ and can be carried out by a self-lay provider instead of us. Alternatively a NAV could arrange this work as part of an inset area. For more information on your options, please see page 4 in our introduction section.



Diversions for the purposes of a development will not be affected by the new charging regime, and will continue to be priced on application and charged based on the reasonable cost we incur to deliver the works. This means we’ll provide you with a quote based on our best estimate, but our final invoice will reflect the costs we reasonably incurred to do the work, which could be more or less.

We’ll provide some indicative charges in our final Charging Arrangements to help customers estimate their charges. You’ll continue to be able to ask us for budget estimates for a rough outline of your potential charges, as well as formal quotes for a more accurate indication.

Sewer adoptions

There will be no changes to the method of calculation of our charges for sewer adoptions.

Infrastructure charges

In our August 2017 consultations we discussed a model for infrastructure charges that would see them vary depending on both the network capacity available in that geographical area, and how efficient/sustainable the development was in relation to water usage/drainage.

In response to feedback we decided to simplify our approach and apply fixed rates (one for connecting to the water network and one for connecting to the wastewater network) for 2018/19.

Methodology

Under the new charging rules, the infrastructure charges collected must be cost reflective – this means they must be equal to the investment that will be required to create the network capacity needed for development on a rolling five-year basis.

Every year, we will calculate the charges based on our latest estimates of the investment required and the number of new connections.

Our charges

Our 2018/19 rates for water and wastewater are likely to add up to a combined charge of between £300 and £400.

The reason our infrastructure charges will be lower than in 2017/18 is:

- The definition of network reinforcement has changed, and we’ve clarified our interpretation of it. Network reinforcement refers to works that are required as a **direct consequence** of the increased demand due to a development. Where we haven’t been notified of a specific development, such as when we are investing in long-term strategic growth schemes, expenditure to provide capacity cannot be recovered through infrastructure charges.
- Infrastructure charges are now calculated based on the investment needed on a **rolling five-year basis**.

Environmental signals

We considered offering ‘waiver’ schemes or multipliers on infrastructure charge rates, whereby a developer can receive a discount on their charges in return for implementing water efficiency and/or sustainable drainage measures.

Because of the level our infrastructure charges are likely to be set at for 2018/19, we don’t believe such discount schemes would generate sufficient savings to incentivise these behavioural changes. In any case, we are also concerned that large-scale housebuilders would be much better placed than individual homeowners to access such a scheme, creating a distortion in how different customer groups are charged.

We believe more engagement with customers is needed on this topic, and we’ll continue to review our position on this as we learn more.

Network reinforcement, modelling and pre-development enquiries

We recognise that it’s our responsibility to provide network capacity. Collaboration with developers is essential to ensure we are aware of future demands on our network at the earliest possible stage, helping to avoid delays to development.

Developers can help us by engaging as soon as possible, and we encourage them to continue to use our pre-development enquiry service for water and wastewater in advance of making planning applications.

The process for pre-development enquiries will be changing to align with the new charging rules, and we will provide more detail on this alongside our final Charging Arrangements.

Worked examples with indicative figures

We have put together some worked examples to illustrate how our new charges are built up, and to provide an indication of our rates. As you look at them, please be aware:

- These are **not real schemes, just illustrations** to help you understand our charges.
- All stated figures **exclude VAT**.
- In the clean water examples we have labelled the different aspects of the connection work as **contestable** and **non-contestable** in our workings for 2018/19 charges, to make it clear which parts of the work can be done by self-lay providers.

For the purpose of these examples, we have assumed that:

- they are all on **greenfield** (previously undeveloped) land, and so no infrastructure charge credits are due in respect of previous connections.
- **no special circumstances** (as defined earlier) apply in the new main and sewer examples.
- **application and design fees** have not yet been introduced for new water connections.

This is not final.



We've aimed to address the key issues and some common questions you might have in this document. However, while the information we've provided represents our current thinking, please be aware that we are still in the process of finalising our arrangements (including going through assurance and validation) and so this information is subject to change. Please do not rely on any information in this document for decision-making purposes, as our Charging Arrangements will not be finalised until 31 January 2018.

What do you think?

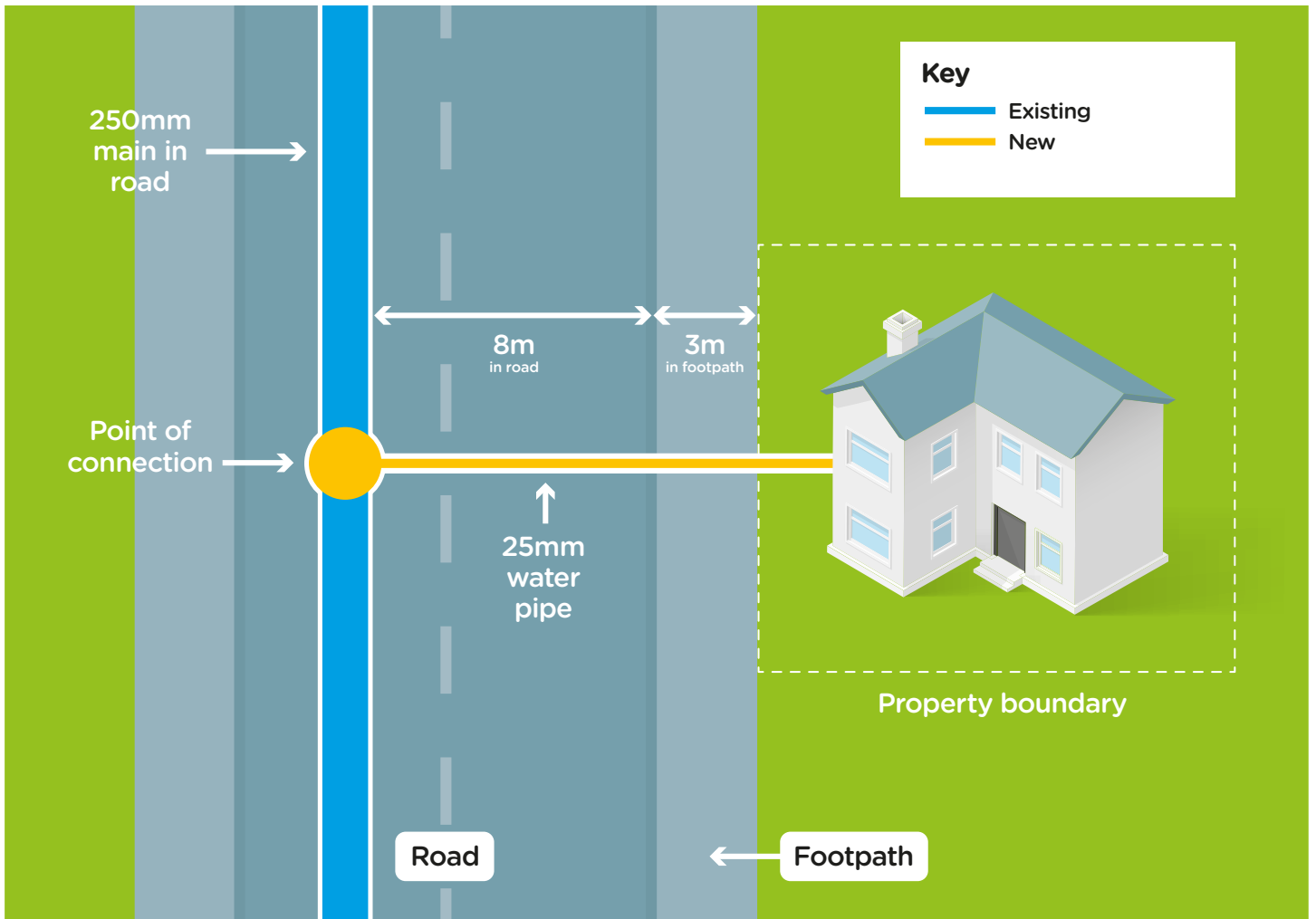


We welcome your questions or feedback on these proposals, which you can email to us at keyaccounts.strategicpartnering@thameswater.co.uk.

We'll review and update our charges annually, and we intend to use customer feedback on our 2018/19 charges to inform any improvements from 2019/20 onwards.

Example 1: New water connection to a single home.

In this example we consider a single water connection to a property. Barrier pipe is not required.



Under our 2017/18 Charging Arrangements:

Item	Quantity	Rate	Charge
Works	n/a	n/a	£2,568
Traffic management	n/a	n/a	£1,032
Subtotal			£3,600
Infrastructure charge (water)	1 qty	£365.45	£365
Infrastructure charge (wastewater)	1 qty	£365.45	£365
Total			£4,330

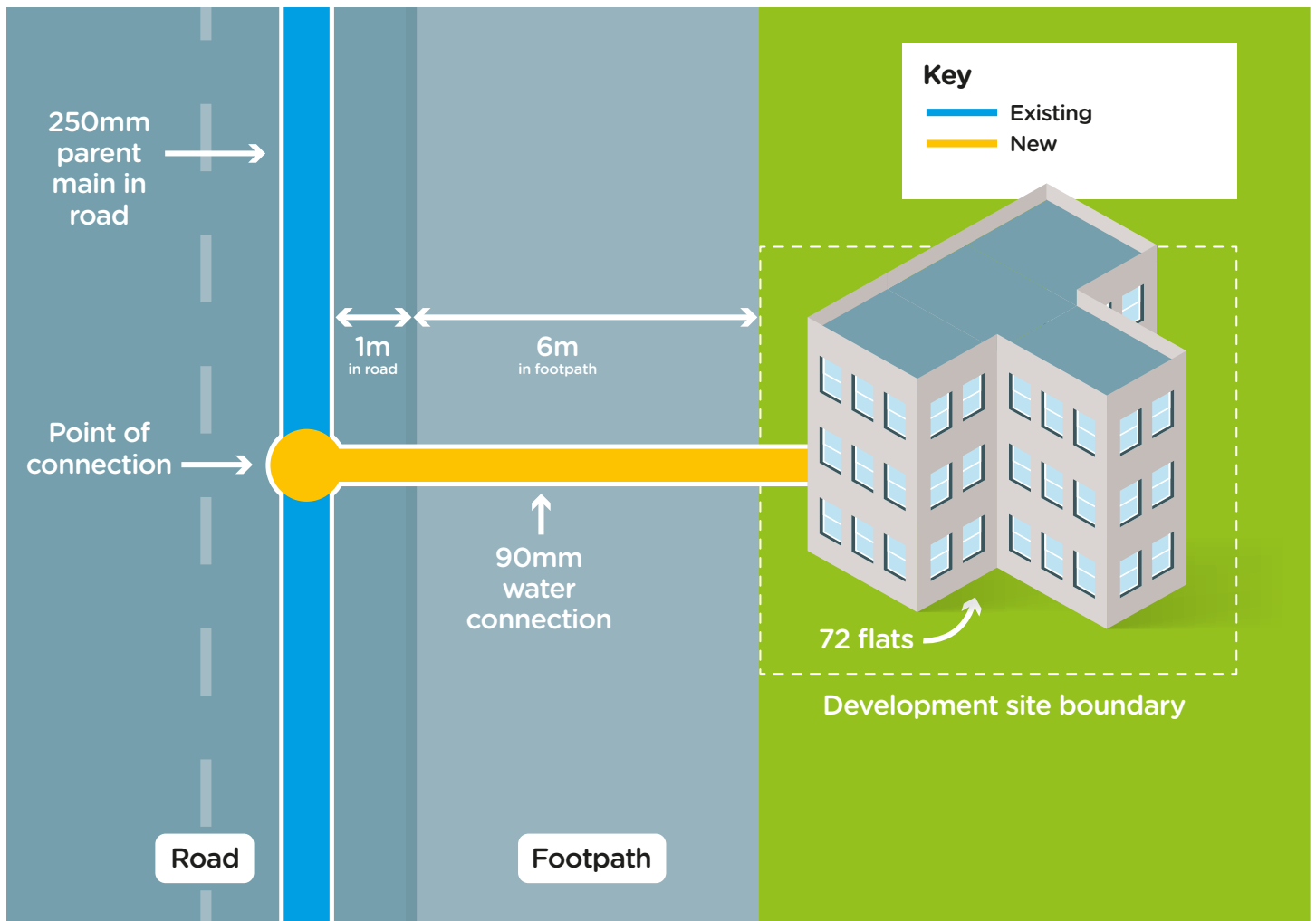
Under our 2018/19 Charging Arrangements:

Item	Surface type	Length or quantity	Rate	Charge
Connection ^c 25mm	Road	1 qty	£1,260	£1,260
Pipe ^c 25mm	Road	8 metres	£270	£2,160
Pipe ^c 25mm	Footpath	3 metres	£210	£630
Subtotal				£4,050
Infrastructure charge (water)		1 qty	£140	£140
Infrastructure charge (wastewater)		1 qty	£210	£210
Total				£4,400

C = contestable, NC = non-contestable

Example 2: New water connection to a block of flats.

This example shows 72 flats being connected to an existing water main. Barrier pipe is required.



Under our 2017/18 Charging Arrangements:

Item	Quantity	Rate	Charge
Works	n/a	n/a	£11,251
Traffic management	n/a	n/a	£255
Subtotal			£11,506
Infrastructure charge (water)	72 qty	£365.45	£26,312
Infrastructure charge (wastewater)	72 qty	£365.45	£26,312
Total			£64,130

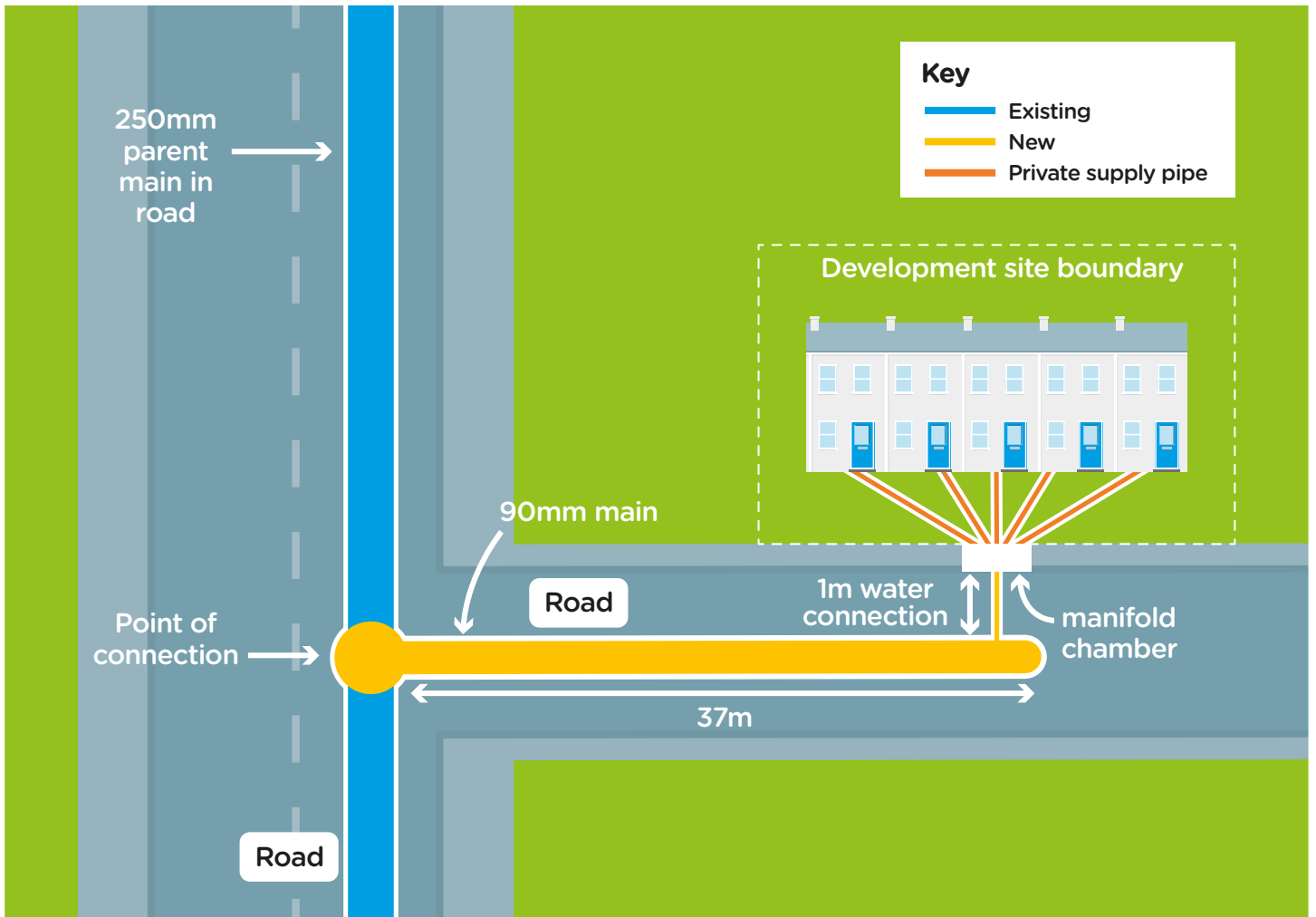
Under our 2018/19 Charging Arrangements:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^{NC} 90mm	Road	1 qty	£6,160	£6,160
Barrier pipe ^{NC} 90mm	Road	1 metre	£930	£930
Barrier pipe ^{NC} 90mm	Footpath	6 metres	£770	£4,620
Subtotal				£11,710
Infrastructure charge (water)	n/a	72 qty	£140	£10,080
Infrastructure charge (wastewater)	n/a	72 qty	£210	£15,120
Total				£36,910

C = contestable, NC = non-contestable

Example 3: New main and water connections to five homes.

In this example we consider a development of five houses which requires a new main and water connections. A five-port manifold is used to make the water connections. There are no network capacity issues in this example. Barrier pipe is required in this case.



Under our 2017/18 Charging Arrangements:

New main:

Item	Charge
Works	£20,005
Traffic management	£0
Gross charge	£20,005
Income offset	(£8,778)
Net charge	£11,227

Under our 2018/19 Charging Arrangements:

New main:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^{NC} 90mm	Road	1 qty	£2,070	£2,070
Barrier pipe ^C 90mm	Road	37 metres	£420	£15,540
Gross charge				£17,610
Income offset				(£8,778)
Net charge				£8,832

C = contestable, NC = non-contestable

Under our 2017/18 charging arrangements:

Water connections:

Item	Quantity	Rate	Charge
Works	n/a	n/a	£2,938
Traffic management	n/a	n/a	£0
Subtotal			£2,938
Infrastructure charges (water)	5 qty	£365.45	£1,827
Infrastructure charges (wastewater)	5 qty	£365.45	£1,827
Total			£6,592

Under our 2017/18 charging arrangements:

In total:

Item	Charge
New main net charge	£11,227
Water connections charge	£2,938
Infrastructure charges	£3,654
Total	£17,819

C = contestable, NC = non-contestable

Under our 2018/19 charging arrangements:

Water connections:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^c , 32mm, (manifold, 6-port, 1 capped)	Road	1 qty	£2,540	£2,540
Barrier pipe ^c , 32mm	Road	1 metre	£290	£290
Subtotal				£2,830
Infrastructure charges (water)		5 qty	£140	£700
Infrastructure charges (wastewater)		5 qty	£210	£1,050
Total				£4,580

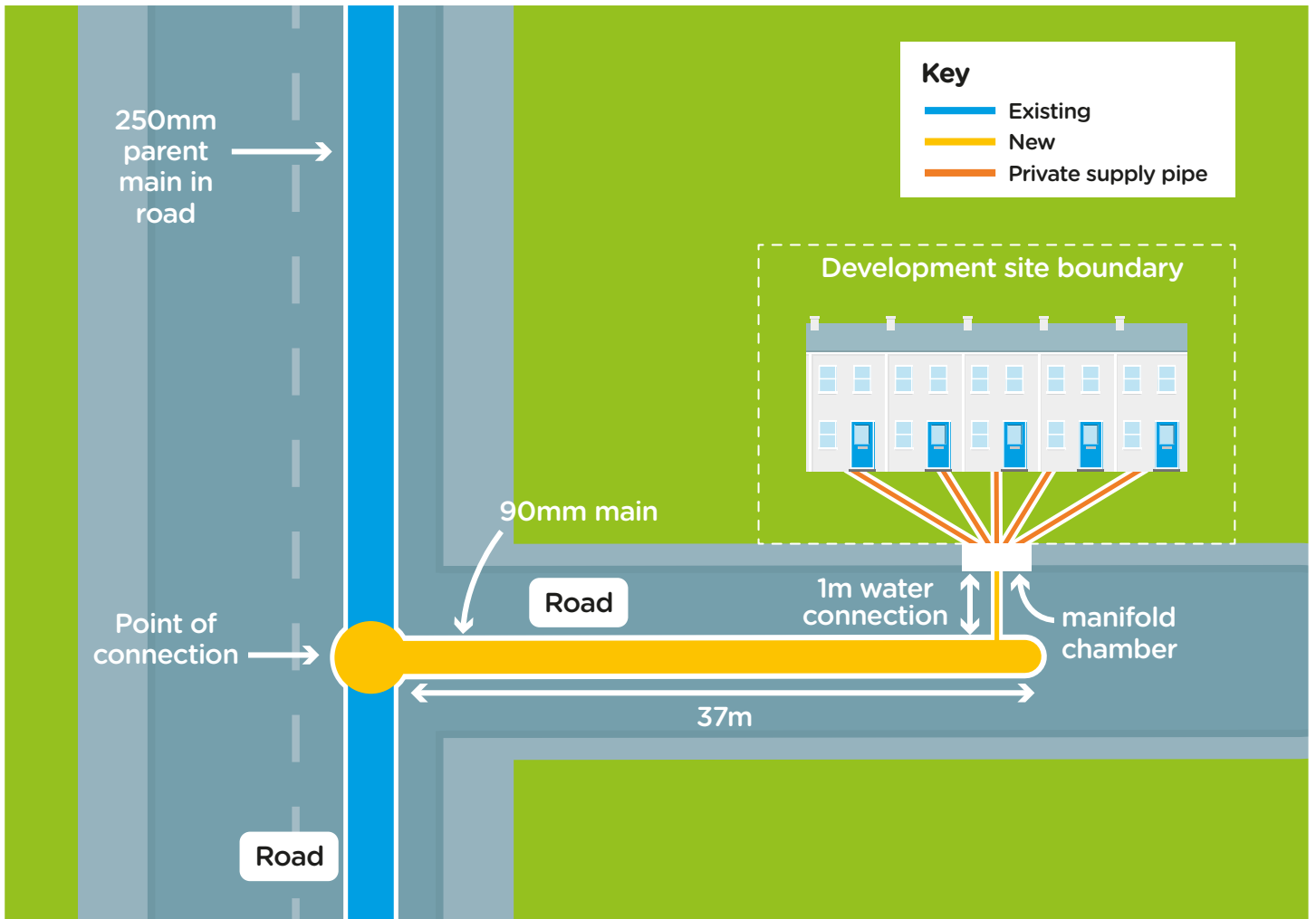
Under our 2018/19 charging arrangements:

In total:

Item	Charge
New main net charge	£8,832
Water connections charge	£2,830
Infrastructure charges	£1,750
Total	£13,412

Example 4: Self-lay of new main and water connections to five homes.

This example uses the same five-house development as Example 3, with a self-lay provider now completing the contestable work.



Under our 2017/18 Charging Arrangements:

New main:

Item	Charge
Works ^{NC}	£6,434
Works ^C	£13,571
Subtotal	£20,005
Traffic management	£0
Charge for scheme	£20,005

Item	Charge
Gross asset payment based on charge for scheme	(£8,778)
Thames Water costs	£6,434
Net asset payment	(£2,344)

Under our 2018/19 Charging Arrangements:

New main:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^{NC} 90mm	Road	1 qty	£2,070	£2,070
Barrier pipe ^C 90mm	Road	37 metres	£420	£15,540
Charge for scheme				£17,610

Item	Charge
Gross asset payment based on charge for scheme	(£8,778)
Charge for Thames Water works	£2,070
Net asset payment	(£6,708)

C = contestable, NC = non-contestable

Under our 2017/18 charging arrangements:

Water connections:

- Because the water connection charges are paid directly by the developer to the self-lay provider, and this amount is not payable to us or within our control, we will not outline them for the purpose of this example.

Under our 2017/18 charging arrangements:

Infrastructure charges:

Item	Quantity	Rate	Charge
Infrastructure charge (water)	5 qty	£365.45	£1,827
Infrastructure charge (wastewater)	5 qty	£365.45	£1,827
Total			£3,654

Under our 2017/18 charging arrangements:

Total charge for new main and infrastructure charges:

Item	Charge
Net asset payment	(£2,344)
Total infrastructure charges	£3,654
Total	£1,310

Under our 2018/19 charging arrangements:

Water connections:

- Because the water connection charges are paid directly by the developer to the self-lay provider, and this amount is not payable to us or within our control, we will not outline them for the purpose of this example.

Under our 2018/19 charging arrangements:

Infrastructure charges:

Item	Quantity	Rate	Charge
Infrastructure charge (water)	5 qty	£140	£700
Infrastructure charge (wastewater)	5 qty	£210	£1,050
Total			£1,750

Under our 2018/19 charging arrangements:

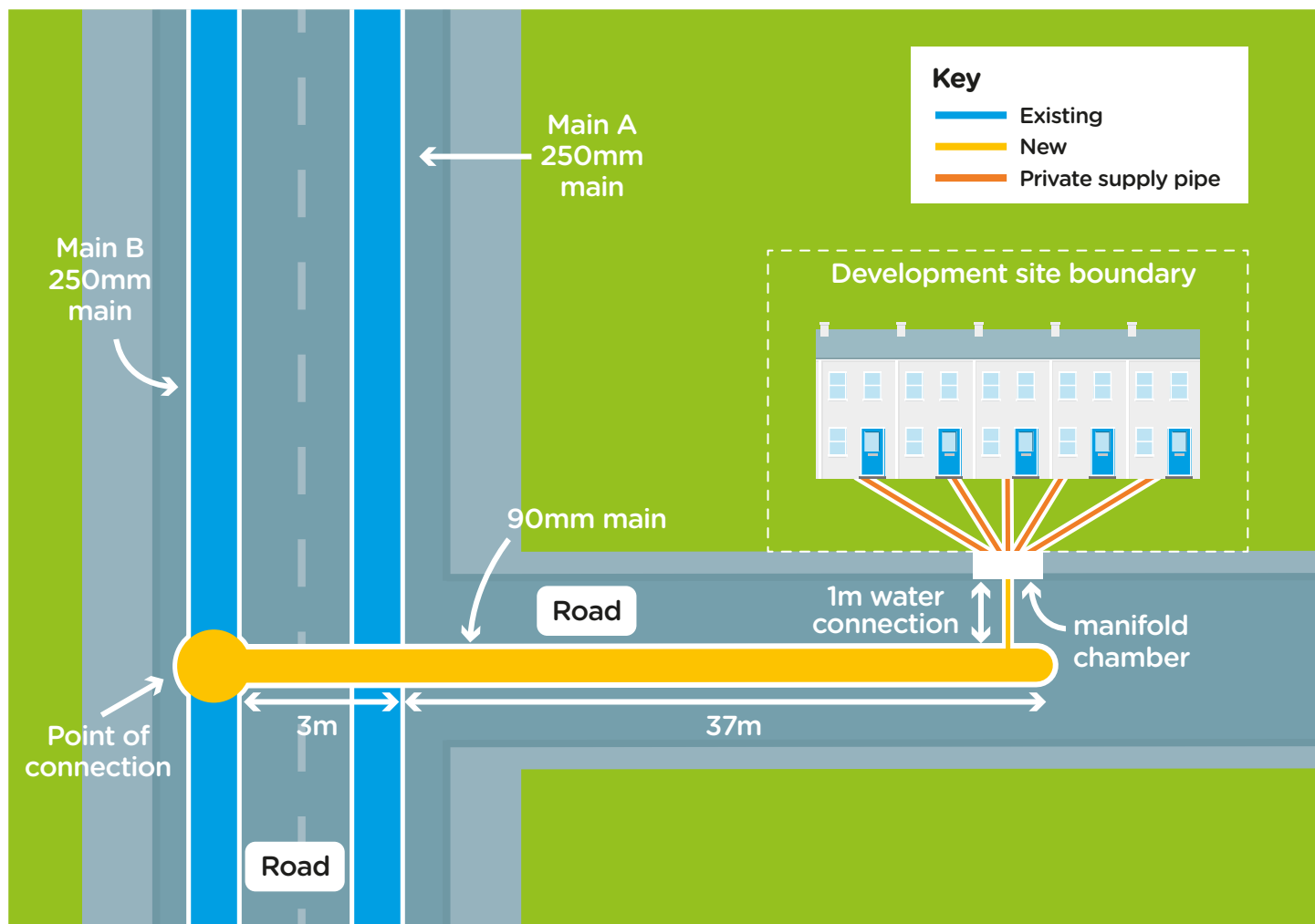
Total charge for new main and infrastructure charges:

Item	Charge
Net asset payment	(£6,708)
Total infrastructure charges	£1,750
Total	(£4,958)

C = contestable, NC = non-contestable

Example 5: New main and water connections where the connection is not to the nearest practicable point.

This example uses a similar five-house development to Example 3, but for capacity reasons we connect into Main B instead of the nearer Main A. This results in an additional 3m of pipe-laying being required in the road.



Under our 2017/18 Charging Arrangements:

New main:

Item	Charge
Works	£20,794
Traffic management	£0
Gross charge	£20,794
Income offset	(£8,778)
Net charge	£12,016

Under our 2018/19 Charging Arrangements:

New main:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^{NC} 90mm	Road	1 qty	£2,070	£2,070
Barrier pipe ^C 90mm	Road	37 metres	£420	£15,540
Gross charge				£17,610
Income offset				(£8,778)
Net charge				£8,832

C = contestable, NC = non-contestable

Under our 2017/18 charging arrangements:

Water connections:

Item	Charge
Works	£2,938
Traffic management	£0
Subtotal	£2,938
Infrastructure charge (water)	£1,827
Infrastructure charge (wastewater)	£1,827
Total	£6,592

Under our 2018/19 charging arrangements:

Water connections:

Item	Surface type	Length or quantity	Rate	Charge
Barrier connection ^c , 32mm, (manifold, 6-port, 1 capped)	Road	1 qty	£2,540	£2,540
Barrier pipe ^c , 32mm	Road	1 metre	£290	£290
Subtotal				£2,830
Infrastructure charge (water)		5 qty	£140	£700
Infrastructure charge (wastewater)		5 qty	£210	£1,050
Total				£4,580

Under our 2017/18 charging arrangements:

In total:

Item	Charge
New main net charge	£12,016
Water connections charge	£2,938
Infrastructure charges	£3,654
Total	£18,608

Under our 2018/19 charging arrangements:

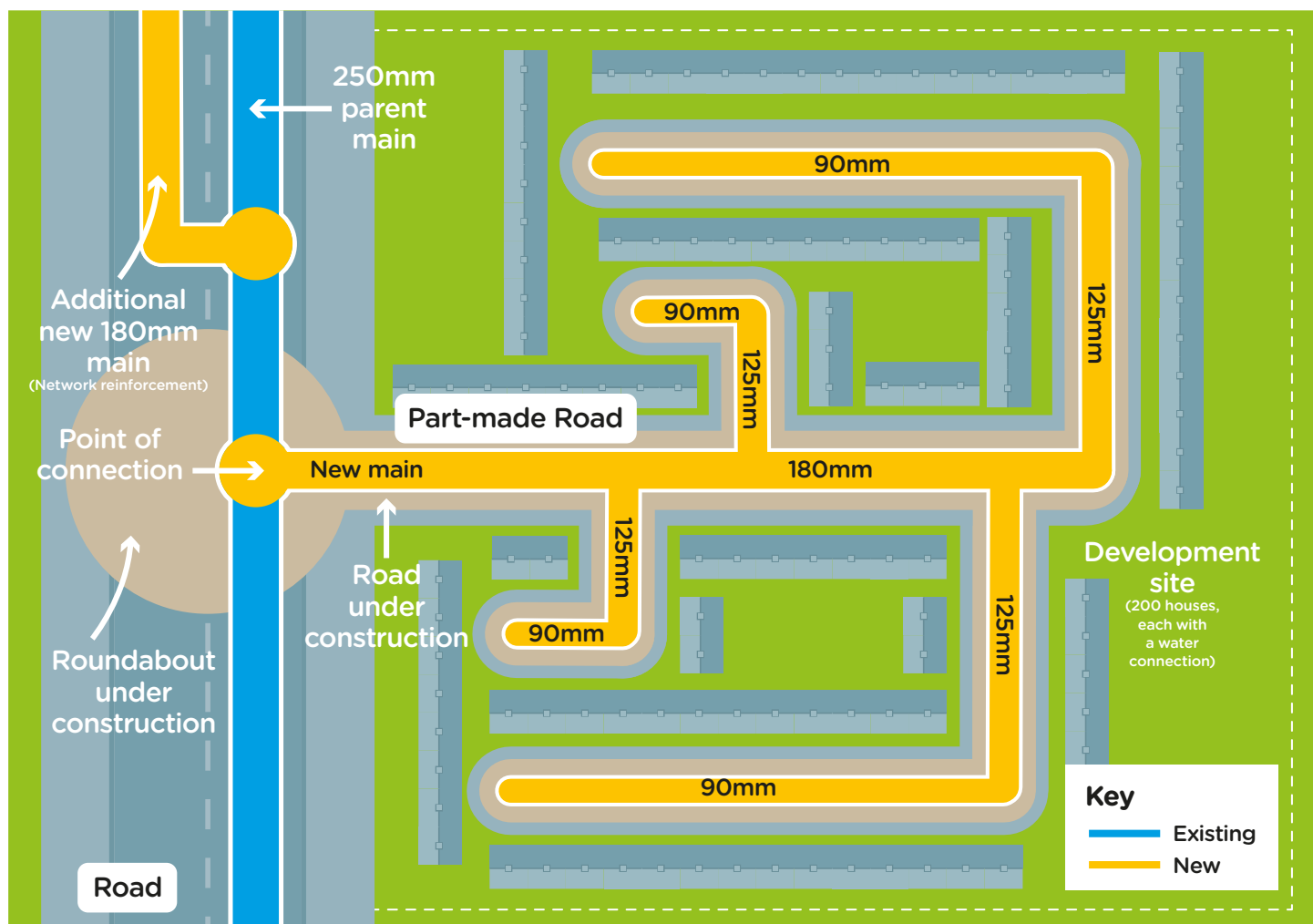
In total:

Item	Charge
New main net charge	£8,832
Water connections charge	£2,830
Infrastructure charges	£1,750
Total	£13,412

C = contestable, NC = non-contestable

Example 6: New main and water connections with network reinforcement needed.

This example uses a 200-house development, and there is a capacity issue in the existing network, meaning an additional new main is needed for network reinforcement. Barrier pipe is not required.



Under our 2017/18 Charging Arrangements:

New main:

Item	Charge
Works including network reinforcement	£442,442
Traffic management	£0
Gross charge	£442,442
Income offset	(£326,706)
Net charge	£115,736

Under our 2018/19 Charging Arrangements:

New main:

Item	Surface type	Length or quantity	Rate	Charge
Connection ^{NC} 180mm	Part-made	1 qty	£1,590	£1,590
Pipe ^C 180mm	Part-made	449 metres	£290	£130,210
Pipe ^C 125mm	Part-made	678 metres	£190	£128,820
Pipe ^C 90mm	Part-made	740 metres	£170	£125,800
Gross charge				£386,420
Income offset				(£303,930)
Net charge				£82,490

C = contestable, NC = non-contestable

Under our 2017/18 charging arrangements:

Water connections:

Item	Quantity	Rate	Charge
Works	n/a	n/a	£115,582
Traffic management	n/a	n/a	£0
Subtotal			£115,582
Infrastructure charges (water)	200 qty	£365.45	£73,090
Infrastructure charges (wastewater)	200 qty	£365.45	£73,090
Total			£261,762

Under our 2018/19 charging arrangements:

Water connections:

Item	Surface type	Length or quantity	Rate	Charge
Connection ^C , 25mm	Part-made	200 qty	£410	£82,000
Pipe ^C , 25mm	Unmade	400 metres	£80	£32,000
Pipe ^C , 25mm	No excavation by Thames Water	500 metres	£40	£20,000
Subtotal				£134,000
Infrastructure charges (water)		200 qty	£140	£28,000
Infrastructure charges (wastewater)		200 qty	£210	£42,000
Total				£204,000

Under our 2017/18 charging arrangements:

In total:

Item	Charge
New main net charge	£115,736
Water connections charge	£115,582
Infrastructure charges	£146,180
Total	£377,498

Under our 2018/19 charging arrangements:

In total:

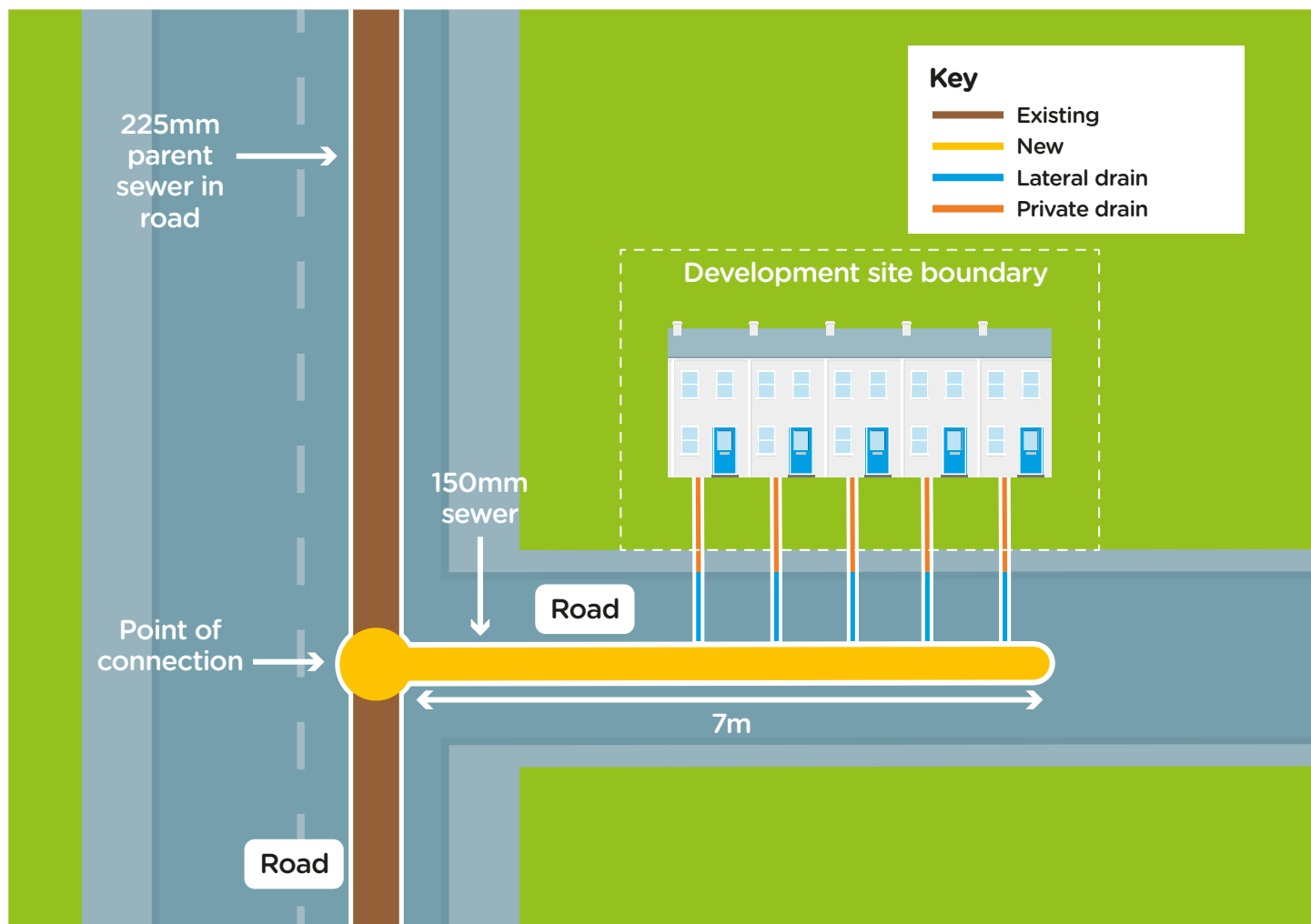
Item	Charge
New main net charge	£82,490
Water connections charge	£134,000
Infrastructure charges	£70,000
Total	£286,490

C = contestable, NC = non-contestable

Example 7: New gravity-fed sewer to serve five homes.

This example considers a five-house development where a new gravity-fed sewer is needed. We assume that:

- the developer builds their own connections into the new sewer for the five houses, so there are no charges outlined for these works.
- infrastructure charges are being paid as part of the provision of new water connections, so these are not covered here.



Under our 2017/18 Charging Arrangements:

New sewer:

Item	Charge
Budget estimate	£1,200
Detailed quote	£4,970
Works	£23,876
Traffic management	£1,500
Gross charge	£31,546
Income offset	(£6,984)
Net charge	£24,562

Under our 2018/19 Charging Arrangements:

New sewer:

Item	Surface type	Length or quantity	Rate	Final charge
Budget estimate	n/a	1 qty	£1200	£1,200
Detailed quote	n/a	1 qty	10% of estimated scheme charge	£1,550
Connection, 150mm	Road	1 qty	£11,860	£11,860
Pipe, 150mm	Road	7 metres	£520	£3,640
Quote charge refunded on payment				(£1,550)
Gross charge				£16,700
Income offset				(£6,984)
Net charge				£9,716

Questions and comments

We hope you have found this document useful. If you have any queries or feedback please:

- Email us at keyaccounts.strategicpartnering@thameswater.co.uk
- Write to us at:
Developer Services – New Connections Charging
Thames Water
Clearwater Court
Vastern Road
Reading
RG1 8DB

We'll be publishing our final Charging Arrangements on our website (developers.thameswater.co.uk) on 31 January 2018.

Appendix 1: Background information

In this section we've explained some key terminology and outlined what is changing at a high-level. In the 'our current proposal' section we'll go into more detail about our specific proposals for how our charges will work.

Key terms explained

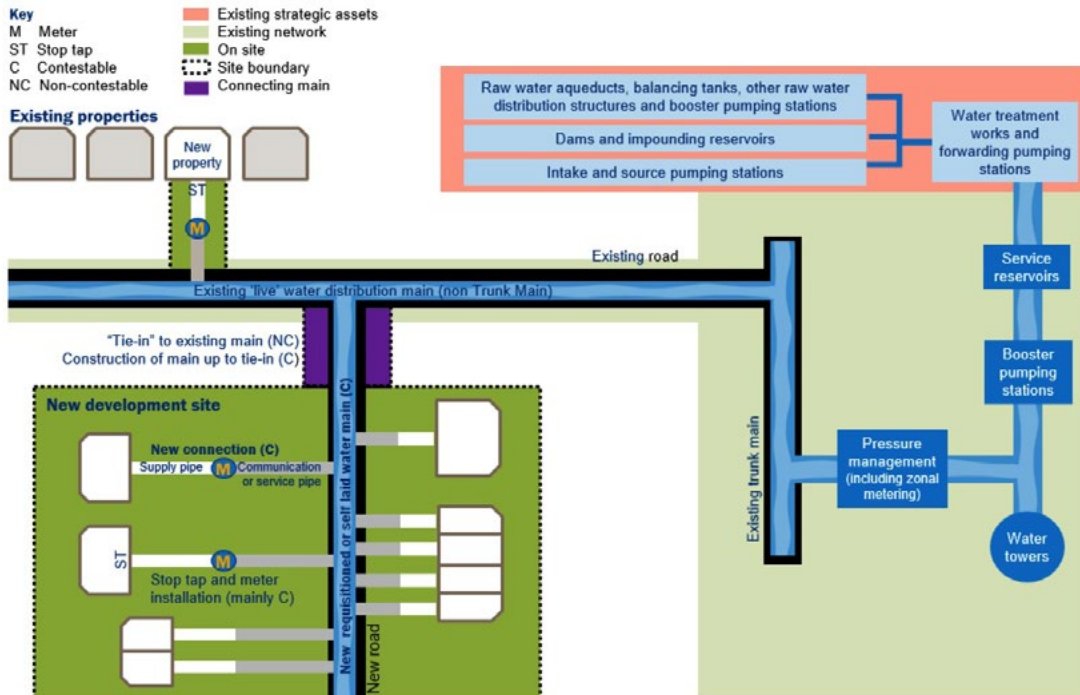
A number of terms are used in this document. We have listed them, and explained what they are, below:

- Adoptions are when we agree to take ownership of a piece of infrastructure such as a new sewer.
- An asset payment is a payment we make when a customer uses another provider to carry out the construction of new water mains, to contribute towards the cost of the work in a manner similar to the income offset.
- Contestable work is work or services (e.g. design) that others can carry out instead of us. For example, accredited self-lay providers can carry out the majority of the work involved in laying new water pipes or diverting existing ones.
- Diversions refer to the relocation of pipes that are already in the ground.
- Footpath can be deemed to mean the same as 'pavement'.
- Income offset. When a new water main or sewer is requisitioned for domestic purposes, Thames Water contributes to the cost of the work in recognition of the future income we will receive from the occupants, who will become bill payers for water and/or wastewater services. This contribution is known as the income offset.
- Infrastructure charges cover the extra demands that new connections put on our existing water mains, sewers and other network infrastructure such as pumping stations and service reservoirs (but excluding treatment works). They fund improvements to water and wastewater networks to provide the capacity needed as a direct consequence of the increased demand due to the development. Infrastructure charges are applied when we provide a first-time supply of water and/or sewerage services for domestic purposes.
- A lateral drain is the pipework connecting from the boundary of a property to an existing public sewer, and includes the connection into that sewer. In our experience, most customers opt to arrange the work involved in constructing lateral drains themselves.
- New mains and sewers. If there is not a water main to connect to near the property, a new water main will be needed as well as new water connections. Or if there is not a public sewer to connect to near the property, a new sewer will be needed as well as new waste connections. The process of asking us to provide a new main or new sewer is known as a requisition.
- Non-contestable work is work that remains our responsibility even if a developer chooses to use another provider to carry out the contestable work, and we will work in partnership with the other provider to carry them out. An example is the connection of a new water main into the existing network.
- Part-made ground applies to works we carry out in a development site where the ground has been worked (i.e. the unmade ground rate is not applicable), but the road/footpath has not been surfaced.
- Requisition is another term for asking us to lay a new main or sewer under the Water Industry Act 1991.
- Traffic management is needed when working in a road or footpath to ensure safe working and minimise inconvenience for drivers and pedestrians. Examples can include lane rental, bus stop suspensions and cones.
- A wastewater connection is the connection of any wastewater pipework to an existing public sewer. We carry out wastewater connections where we consider there to be risk to our network or our workforce.
- A water connection (also known as a service connection) includes the provision of a connection to a water main, laying a pipe to the boundary of the property, connecting to the supply pipe and usually including the installation of a boundary box, an outside stop valve and a meter.

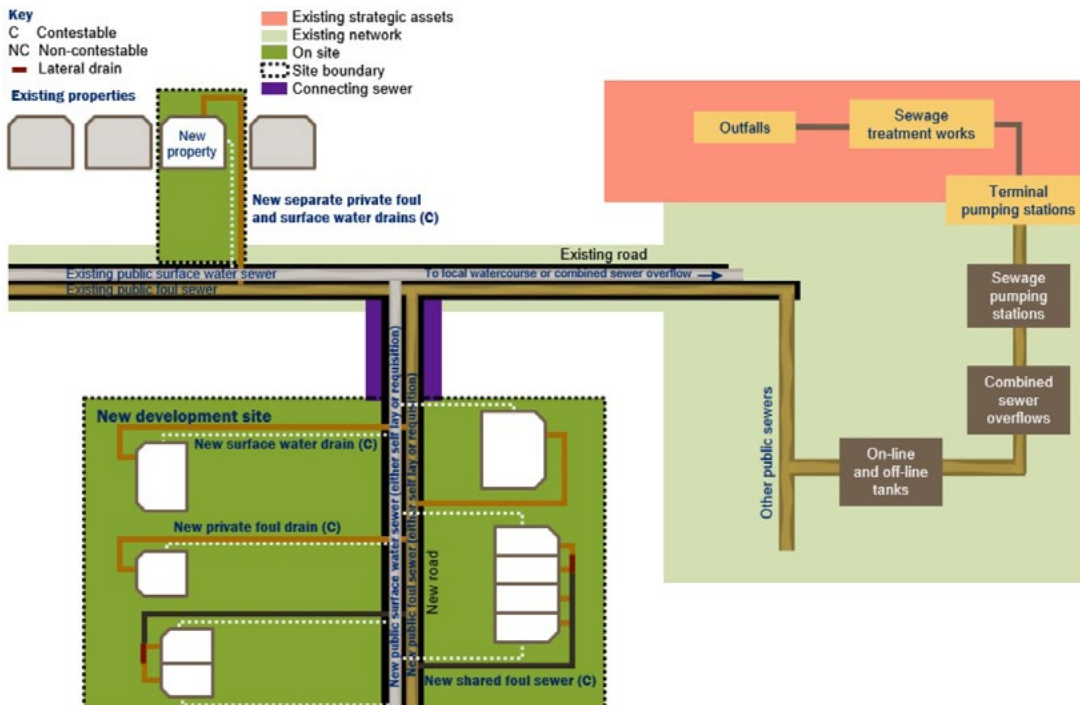
Some useful diagrams

Ofwat produced diagrams to help explain the terminology commonly used in water and wastewater services.

Water



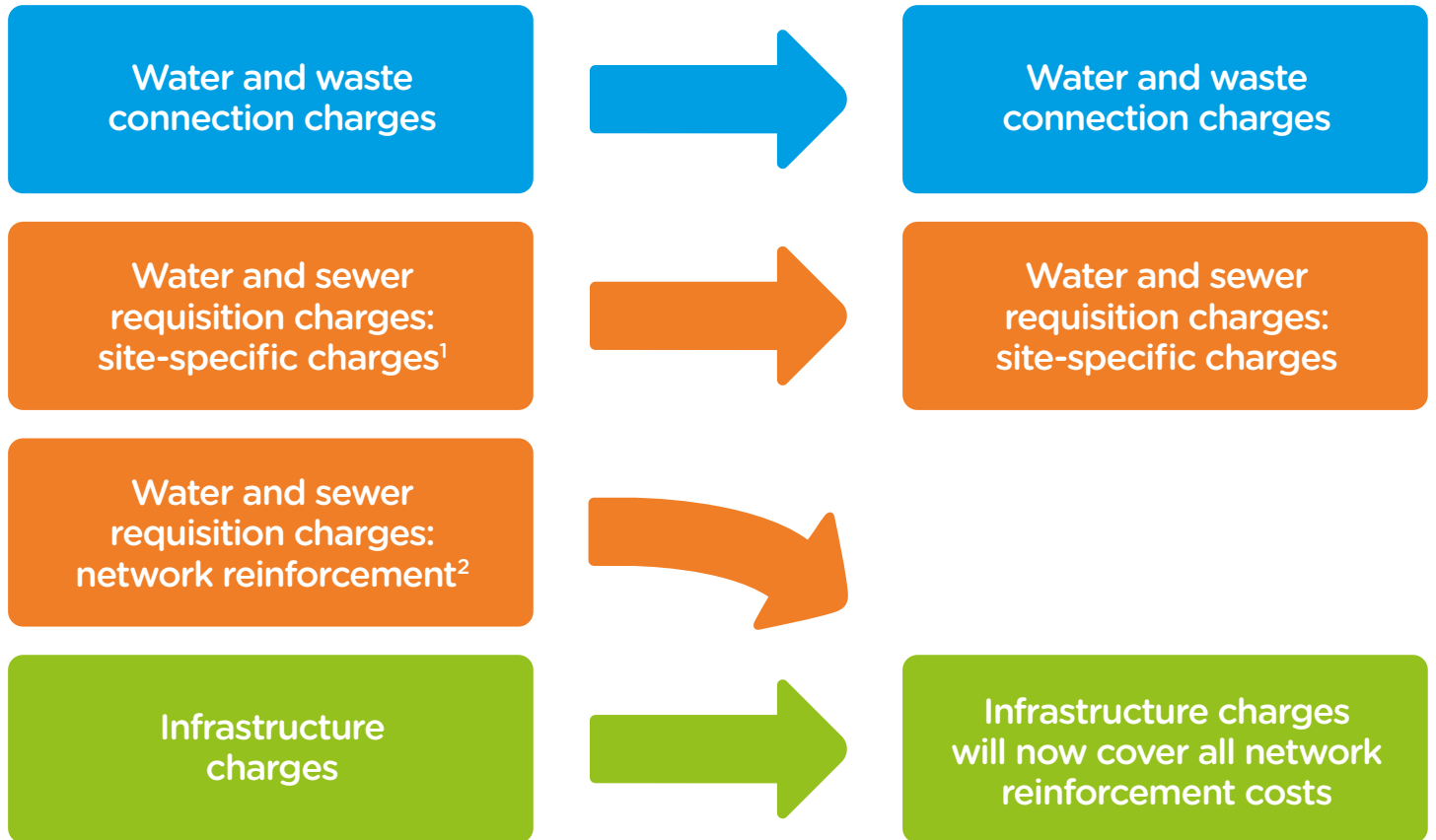
Wastewater



¹Ofwat, March 2017, <https://064f1d25f5a6fb0868ac-0df48efcb31bcf2ed0366d316cab9ab8.ssl.cf3.rackcdn.com/wp-content/uploads/2017/04/New-connection-cost-information-working-group-Cost-Data-Strawman-March-17.pdf>

Background to changes

The diagram below illustrates how the components of the charging framework will change under the new rules.



There will still remain separate charges for connections and the requisition of new water mains and sewers. However, the scope of requisition charges and infrastructure charges will change as follows:

1. In future, requisition charges will only cover site-specific charges – this is the charge for new water mains, communication pipes and sewers needed to serve the new development.
2. The network reinforcement charges that today form part of requisition charges will in future be covered by infrastructure charges. Network reinforcement refers to works that are required as a **direct consequence** of the increased demand due to the development. This can include the upgrade of existing water mains, sewers, service reservoirs and pumping stations (but excludes treatment works).

