

**BULK CHARGES  
FOR NAVS  
2021-2022**

**Wessex Water**  
YTL GROUP



## Executive summary

This document sets out Wessex Water Services Limited's approach to setting charges for New Appointments and Variations (NAVs) for 2021-22. This document is available on our website <https://www.wessexwater.co.uk/our-charges>, we are also happy to provide a copy on request.

Our charges are set out in the schedule of tariffs in section 4 of this document. We set out the background, scope and contact details in section 1. We provide a summary of our approach in section 2 and provide further detailed information in section 3.

In conjunction with this document, we also provide a calculation spreadsheet on our website <https://www.wessexwater.co.uk/our-charges> to allow potential NAVs to easily assess the likely charges they will incur. Appendix 1 provides an example of how the calculator may be used.

To request a copy of this document or the calculation spreadsheet, please contact us using the details below:

Email: [wholesale@wessexwater.co.uk](mailto:wholesale@wessexwater.co.uk)

Telephone: 0330 123 1122

Write to: Head of Wholesale Services  
Wessex Water  
Claverton Down  
Bath, BA2 7WW

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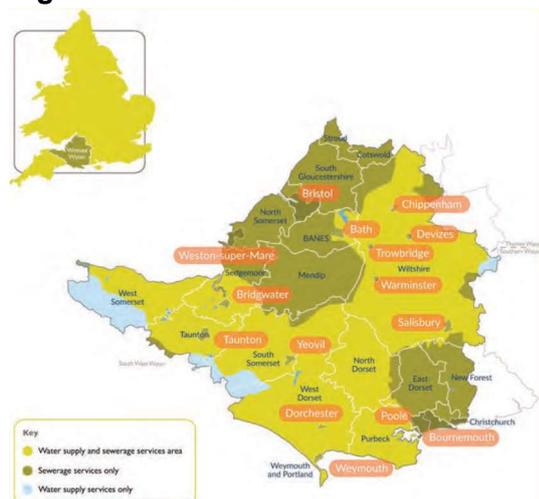
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# 1. Introduction

## 1.1 Our business

We supply water and wastewater services to more than 2.8 million customers in an area covering around 10,000 km<sup>2</sup>.

**Figure 1 Our business**



## 1.2 Background to bulk charges for NAVs

In September 2020 we consulted with our customers on how we were proposing to set bulk charges for NAVs in 2021-22. Subsequently, in January 2021, Ofwat published revised guidance on setting bulk charges for NAVs. We have set our charges for 2021-22 in accordance with the revised guidance and considering the feedback from our consultation. To give early visibility to our customers we published indicative charges in December 2020.

## 1.3 Scope of this document

This document sets out the calculations that will be used to fix charges for providing bulk supply or discharge services to NAVs. Charges for water, wastewater and trade effluent, primary and non-primary charges to residential and commercial premises, and services to developers are all fixed under separate charges schemes which can be found on our website <https://www.wessexwater.co.uk/our-charges>.

This document sets out our charges for the 2021-22 charging year (from 1 April 2021 until 31 March 2022).

We note that the charges set out in this document may vary by site and circumstance.

For full-service NAVs, we will apply these charging arrangements alongside our statement of approach to full-service NAVs, which is published separately on our website <https://www.wessexwater.co.uk/services/building-and-developing/new-appointments-and-variations>. This sets out how we treat income offsets, avoided costs and communication for full-service NAVs.

## **1.4 Our contact details**

Our contact details are as follows.

Email: wholesale@wessexwater.co.uk

Telephone: 01225 524 375

Write to: Head of Wholesale Services  
Wessex Water  
Claverton Down  
Bath, BA2 7WW

## **1.5 Complaints and disputes relating to standards of services**

If you feel we have not met the standards of service you would expect, you can contact us in one of two ways.

Email: wholesale@wessexwater.co.uk

Write to: Head of Wholesale Services  
Wessex Water  
Claverton Down  
Bath, BA2 7WW

## **1.6 Complaints to Ofwat**

You may want to complain to Ofwat about the service or charges you have received from us, or if you feel that we are in breach of the Water Industry Act 1991 or the Competition Act 1998. Ofwat's address is given below.

Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham, B5 4UA

## 2. Summary of our approach

### 2.1 Response to revised guidance and our consultation

Considering Ofwat's revised guidance and the outcome of our consultation we are:

- 1) retaining a wholesale minus, menu-based approach accounting for the split of property types planned.
- 2) retaining a top down view of avoided costs for 2021-22, a view supported by some respondents to our consultation. We will continue to review our approach, and if appropriate will revise it for 2022-23.
- 3) retaining our approach to accounting for leakage.
- 4) removing the NAV returns and not providing for an additional allowance. Ofwat was clear in its findings to the consultation that any additional allowance should be based on the operational risk that is transferred to the NAV from the incumbent. To assess this, we have considered:
  - a) avoided financing risk – as developers pay up front, there is no risk taken.
  - b) avoided totex risk – our top down avoided costs consider the average costs incurred. By definition, this will include an “average” level of replacements and emergency expenditure. Setting these at the average means that there is no systematic risk transferred.
  - c) avoided operational risk – NAVs do not have performance commitments or outcome delivery incentives and, therefore, they are adopting no associated operational risk.

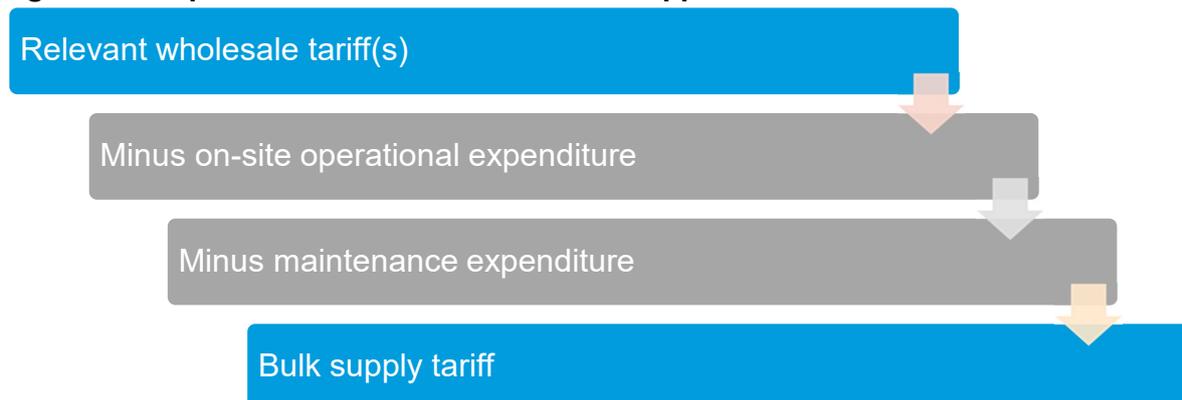
Over all these areas, we have concluded that there is no operational risk transferred to a NAV from an incumbent. Therefore, in response to the revised guidance, we believe it would be inappropriate to include any additional allowance.

### 2.2 How will the charges be set?

Ofwat proposes to use a “wholesale minus” approach to setting bulk supply and discharge tariffs, meaning that each NAV appointment will use a bespoke calculation to set the tariff, dependent on the number and type of properties served and the volumes they consume and/or discharge. Figure 1 below sets out the building blocks for the calculation. We start with the relevant wholesale tariff(s) and deduct costs that we would not incur if a NAV supplied the new development instead of us. The “minus” element comprises the following components:

- the avoided on-site operational expenditure,
- the avoided costs of future capital replacement and renewals,

**Figure 1 Components of the wholesale-minus approach**



As we would no longer add any of these assets onto our RCV if we were to operate the site, we no longer include any element relating to avoided depreciation or returns.

### **2.3 An overview of the calculation**

We set out in detail the approach we have taken to calculate the tariffs in section 3, but the core elements are explained below. The schedule of tariffs at the end of this document sets out our charges.

First, the relevant wholesale tariffs will be used to calculate a weighted average fixed and volumetric charge, based on the expected number of properties and consumption on the site. An allowance for leakage of 5.5% is applied to the consumption forecasts as part of this calculation.

The following elements will then be deducted from the weighted average charge:

- A value for the entirety of avoided on-site operating expenditure including operating, maintaining, and monitoring the assets along with all associated overheads.
- Replacing the assets over time.

We provide a summary table of the avoided costs in Table 1 below.

**Table 1 Summary of avoided costs**

Charge element	Water (£ per m <sup>3</sup> )	Wastewater (£ per m <sup>3</sup> )
Avoided operating expenditure	0.1358	0.0253
Avoided maintenance expenditure	0.0982	0.0329
Total NAV discount	0.234	0.0582

We will follow the same process for calculating wastewater NAV tariffs, with adjustments for foul water, surface water drainage and highway drainage, as well as an appropriate return to sewer rate calculated from the water volume supplied (if no set discharge volume is agreed).

We have also created a calculation spreadsheet, which will allow potential NAVs to easily assess the likely charges they will incur.

We update all elements of the calculation each year to reflect the most up to date information. This includes, but is not limited to:

- the relevant wholesale tariffs; and
- the most recent cost information.

### 3. Detailed explanation of our approach

#### 3.1 The relevant starting point

Based on Ofwat's guidance, the relevant starting point for the calculation is the appropriate wholesale tariffs that reflect the NAV's end-customers on a particular site. We create an 'overall weighted average' tariff that reflects the combined wholesale charges of all the NAV's customers on that site. This means we need to account for different types of end-customer, including households and non-households, as well as different discharge arrangements.

Our wholesale charges are set out in the schedule of tariffs at the end of this document. They are also set out in our Wholesale Charges document, which is published on our website in mid-January each year with charges applying from 1 April. The key charges for 2021-22 are shown in the table below, however all our wholesale tariffs are available depending on the types of customer served by a NAV.

**Table 2 Summary of wholesale charges**

Charge element	Household	Non-household
<b>Measured water</b>		
Fixed charge meter size < 25mm (£ per annum)	4	4
Volumetric charge (£ per m <sup>3</sup> )	1.9355	1.9949
<b>Measured wastewater</b>		
Fixed Surface Water drainage charge <sup>2</sup> (£ per annum)	21	21
Fixed Highway Water drainage charge (£ per annum)	21	21
Volumetric charge (£ per m <sup>3</sup> )	1.5521	1.5805

<sup>2</sup>Customers eligible for the surface water drainage rebate will be not be charged for this element.

Each bulk supply or discharge tariff will therefore be set by reference to the expected number of each customer type and consumption on a particular site. We will require detailed information from an applicant to calculate the correct tariff. A final site-based fixed charge will be applied for water to recover the cost of the single bulk meter, based upon the total expected water consumption.

As with our wholesale charges, we will abate charges where premises do not discharge surface water into our network.

## 3.2 Taking account of leakage

We will make a downward adjustment of 5.5% to the volume recorded at the bulk meter to account for any on-site leakage that might impact the effective price at the end-customers' meters.

This adjustment accounts for the long-run average volume of water that would have hypothetically leaked from the network beyond the bulk meter, had we been operating the network instead of a NAV.

To calculate the quantum of on-site leakage as a percentage of the total volume at the bulk meter, we have constructed a theoretical model using expert engineering knowledge that calculates the leakage in an area over 60 years. We created a notional local network with a demand forecast consistent with that made in our 2019 Water Resources Management Plan. Over a 60-year horizon, average consumption per domestic property reduces from 104m<sup>3</sup> per annum in 2020 to 93m<sup>3</sup> per annum in 2080.

At year zero, leakage is almost zero in the newly laid network. A deterioration function was then created which simulates the increase in leakage over time as the pipe deteriorates. This function is exponential, so over time leakage increases significantly. An intervention threshold of 50 litres per property per day (or circa 20% of billed volume) was chosen as the point at which a company would intervene to reduce leakage back to a reasonable level. As the network deteriorates, leakage increases faster, and exponentially more frequent interventions are required. The costs of these interventions are included, on an average basis, within our avoided cost calculation.

The resulting 60-year average leakage is 15 litres per property per day compared to the total average bulk meter volume of 264 litres per property per day. This is calculated as 5.5% of total volume.

We recognise the potential variability of this calculation and have therefore performed sensitivity testing of all the variable parameters, trialling significantly different deterioration rates and different intervention thresholds. This analysis resulted in leakage figures of 4.5% to 6.5%, a variation of +/- 1% compared to the average value. This gives greater confidence that the approach we have taken is reasonable and robust.

### 3.3 Calculation of the avoided on-site costs

This element of the 'minus' calculation is assessed with reference to the costs that we avoid because the NAV is serving the site rather than us.

#### Avoided operational expenditure

Includes all operating expenditure including but not limited to:

- Labour
- Power
- Materials and consumables
- Local authority rates
- General and support costs

**Table 3 Summary of avoided operational expenditure**

Expenditure area	Avoided cost (£ per m <sup>3</sup> )
<b>Water supply</b>	
Local water mains network	0.0476
Communication pipes	0.0458
Meters, meter boxes and management	0.0423
Total avoided operational expenditure	<b>0.1358</b>
<b>Wastewater</b>	
Local sewer network	0.0253
Total avoided operational expenditure	<b>0.0253</b>

#### Avoided maintenance expenditure

Includes all infrastructure maintenance and replacement costs. We estimate these on-site ongoing costs with reference to the actual costs that we incur across our region, using the most recent three years of network data published as part of our regulatory accounts. For 2021-22, we have therefore used cost information from 2017-18 to 2019-20. These costs are inflated to a 2021-22 price base using the relevant inflation indices.

We have then used asset data, asset values and expert engineering judgment to allocate the overall network costs to the different elements of the network. For those network elements that a typical NAV would operate, these costs are then divided by the total billed consumption to result in unit costs per cubic metre.

**Table 4 Summary of avoided maintenance expenditure**

<b>Expenditure area</b>	<b>Avoided cost (£ per m<sup>3</sup>)</b>
<b>Water supply</b>	
Local water mains network	0.0344
Communication pipes	0.0331
Meters, meter boxes and management	0.0306
Total avoided maintenance expenditure	<b>0.0982</b>
<b>Wastewater</b>	
Local sewer network	0.0329
Total avoided maintenance expenditure	<b>0.0329</b>

## 4. Schedule of tariffs

### Water wholesale tariffs

Domestic / Business	Domestic	Business					
Type of water service	Non-interruptible	Non-interruptible				Interruptible	
Customer using (m3/annum) of water service	≥0	0-19,999	20,000-161,999	162,000-341,999	≥342,000	5,000-19,999	≥20,000
Meter Charge <25mm (£ per annum)	4	4				145	
Meter Charge ≥25mm (£ per annum)	46	46				187	
Site Based Charge (£ per annum)			95	133	214		346
Volume Charge ≤20,000m3 (£ per m3)	1.9355	1.9949	1.9949	1.9949	1.9949	1.8749	1.8749
Volume Charge >20,000m3 ≤100,000m3 (£ per m3)			1.6383				1.1775
Volume Charge >100,000 ≤150,000m3 (£ per m3)					0.9643		
Volume Charge >150,000m3 (£ per m3)							
Decreasing Block Volume Threshold (m3 per annum)	-	-	20,000	100,000	150,000	-	20,000

## Wastewater wholesale tariffs

Domestic / Business	Domestic		Business	
	SWD	HWD	SWD	HWD
Drainage arrangements				
Drainage charge meter size <25mm	21	21	21	21
Drainage charge meter size ≥25mm <30mm	107	107	107	107
Drainage charge meter size ≥30mm <40mm	175	175	175	175
Drainage charge meter size ≥40mm <50mm	240	240	240	240
Drainage charge meter size ≥50mm <65mm	440	440	440	440
Drainage charge meter size ≥65mm <80mm	640	640	640	640
Drainage charge meter size ≥80mm <100mm	1,125	1,125	1,125	1,125
Drainage charge meter size ≥100mm <125mm	1,950	1,950	1,950	1,950
Drainage charge meter size ≥125mm <150mm	2,650	2,650	2,650	2,650
Drainage charge meter size ≥150mm <200mm	4,000	4,000	4,000	4,000
Drainage charge meter size ≥200mm	5,300	5,300	5,300	5,300
Drainage charge where water use is >20 MI and <162 MI	1,325	1,325	1,325	1,325
Drainage charge where water use is >162 MI and <342 MI	3,325	3,325	3,325	3,325
Drainage charge where water use is >342 MI	5,300	5,300	5,300	5,300
Volume Charge ≤20,000m <sup>3</sup> (£ per m <sup>3</sup> )	1.5521		1.5805	

## NAV Avoided Costs

Charge element	Water (£ per m <sup>3</sup> )	Wastewater (£ per m <sup>3</sup> )
Avoided operational expenditure	0.1358	0.0253
Avoided maintenance expenditure	0.0982	0.0329
Avoided depreciation <sup>1</sup>	-	-
Avoided tax/adjusted return <sup>1</sup>	-	-
Total NAV discount	0.2340	0.0582

<sup>1</sup>If on a legacy tariff may be eligible for a deduction

## 5. Appendix 1 Worked example

For an example we will examine a theoretical new development of 500 households, all with surface water drainage and standard meter sizes. For this site, data would be input into our Bulk Charges for NAVs calculator 2021-22 which is available on our website <https://www.wessexwater.co.uk/our-charges>, we are also happy to provide a copy on request. Each sheet of the calculator will be examined in turn.

### 5.1 Inputs sheet

First the initial details of the site are input including the name of the customer, which services are being supplied and whether a waste volume is provided.

For the purposes of this example we will assume that the NAV is supplying both water and sewerage and that the waste volume is not provided. The leakage allowance as stated above is 5.5% and the standard return to sewer for Wessex Water is 95% and these figures will be used to calculate volumes:

#### Inputs

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Customer Name		
Water?	Y	
Sewerage?	Y	
NAV laid supply requisition on or before 31 March 2020?	NAV laid waste requisition on or before 31 March 2020?	
N	N	
Leakage allowance (%)	Waste volume provided?	Return to sewer (%)
5.5%	N	95%

The consumption for water is calculated as the number of households multiplied by the forecast average household consumption for Wessex Water customers in 2021-22 which is 93.28m<sup>3</sup> for the year (in this example 500 households \* 93.28m<sup>3</sup> = 46,640m<sup>3</sup>).

The consumption, along with details of the NAV customer numbers are input into the water and sewerage sections:

#### Water

Domestic / Business	Domestic	Business						Total
		Non-interruptible				Interruptible		
Type of water service								
Customer using (m <sup>3</sup> /annum) of water service	≥0	0-19,999	20,000-161,999	162,000-341,999	≥342,000	5,000-19,999	≥20,000	
Total volume per year (m <sup>3</sup> )	46,640							46,640
Nr customers	500							500
Nr meters <25mm	500							500
Nr meters ≥25mm	0							0

#### Sewerage

Domestic / Business	Domestic			Business			Total
	Full	Incl. SWD	Total	Full	Incl. SWD	Total	
Drainage arrangements							
Total volume discharged per year (m <sup>3</sup> )							
Nr customers	0	500	500				500
Nr meters where size <25mm	0	500	500				500
Nr meters where size ≥25mm <30mm							0
Nr meters where size ≥30mm <40mm							0
Nr meters where size ≥40mm <50mm							0
Nr meters where size ≥50mm <65mm							0
Nr meters where size ≥65mm <80mm							0
Nr meters where size ≥80mm <100mm							0
Nr meters where size ≥100mm <125mm							0
Nr meters where size ≥125mm <150mm							0
Nr meters where size ≥150mm <200mm							0
Nr meters where size ≥200mm							0
Nr customers where water use is >20 MI and <162 MI							0
Nr customers where water use is >162 MI and <342 MI							0
Nr customers where water use is >342 MI							0

*Return to sewer adjustment to be applied to supply volume (less leakage allowance) if discharge volume not provided*

## 5.2 Water calculation sheet

For water the leakage is deducted from the volume before the weighted average wholesale tariff is calculated by combining the fixed and volumetric charge revenue and dividing by the volume:

### Calculation of weighted average wholesale water tariff

#### Wholesale tariffs

Domestic / Business	Domestic	Business					
Type of water service	Non-interruptible	Non-interruptible				Interruptible	
Customer using (m <sup>3</sup> /annum) of water service	≥0	0-19,999	20,000-161,999	162,000-341,999	≥342,000	5,000-19,999	≥20,000
Meter Charge <25mm (£ per annum)	4	4				145	
Meter Charge ≥25mm (£ per annum)	46	46				187	
Site Based Charge (£ per annum)			95	133	214		346
Volume Charge ≤20,000m <sup>3</sup> (£ per m <sup>3</sup> )			1.9949	1.9949	1.9949	1.8749	1.8749
Volume Charge >20,000m <sup>3</sup> ≤100,000m <sup>3</sup> (£ per m <sup>3</sup> )	1.9355	1.9949	1.6383	1.1775	0.9643		1.5405
Volume Charge >100,000 ≤150,000m <sup>3</sup> (£ per m <sup>3</sup> )							
Volume Charge >150,000m <sup>3</sup> (£ per m <sup>3</sup> )							
Volume threshold	-	-	20,000	100,000	150,000	-	20,000

#### Supply information

Domestic / Business	Domestic	Business						Total
Type of water service	Non-interruptible	Non-interruptible				Interruptible		
Customer using (m <sup>3</sup> /annum) of water service	≥0	0-19,999	20,000-161,999	162,000-341,999	≥342,000	5,000-19,999	≥20,000	
Nr customers	500	0	0	0	0	0	0	500
Nr meters <25mm	500	0				0		500
Nr meters ≥25mm	0	0				0		0
Total volume per year (m <sup>3</sup> )	46,640	0	0	0	0	0	0	46,640
Total leakage volume per year (m <sup>3</sup> )	2,565	0	0	0	0	0	0	2,565
Total volume per year less leakage (m <sup>3</sup> )	44,075	0	0	0	0	0	0	44,075

#### Weighted wholesale tariff

Domestic / Business	Domestic	Business						Total
Type of water service	Non-interruptible	Non-interruptible					Interruptible	
Customer using (m <sup>3</sup> /annum) of water service	≥0	0-19,999	20,000-161,999	162,000-341,999	≥342,000	5,000-19,999	≥20,000	
Fixed charges (£ per yr)	2,000	0	0	0	0	0	0	2,000
Volume charges (£ per yr)	90,272	0	0	0	0	0	0	90,272
Leakage adjustment (£ per yr)	-4,965	0	0	0	0	0	0	-4,965
Volume charges less leakage adjustment	85,307	0	0	0	0	0	0	85,307
Total charges (£ per yr)	87,307	0	0	0	0	0	0	87,307

#### Summary

Charge type	Total
Fixed charges (£ per yr)	2,000
Volume charges (£ per yr)	85,307
Total charges (£ per yr)	87,307
Total volume per year less leakage (m <sup>3</sup> )	44,075
Final weighted average charge (£ per m <sup>3</sup> )	1.9809

The NAV avoided costs are then deducted from the weighted average charge to give a final volumetric bulk supply charge for the NAV:

#### Deduction of avoided costs from final weighted average charge

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Avoided costs	(£/m <sup>3</sup> )
Avoided operating expenditure	0.1358
Avoided maintenance & renewals	0.0982
Avoided depreciation	0.0000
Avoided tax/adjusted return	0.0000
Total NAV discount	<b>0.2340</b>

#### **Final bulk supply charge**

	(£/m <sup>3</sup> )
Final bulk supply charge	<b>1.7469</b>

### 5.3 Sewerage calculation sheet

The return to sewer rate of 95% is applied to the post-leakage water volume to calculate the sewerage volume. The weighted average wholesale tariff is calculated by combining the fixed and volumetric charge revenue and dividing by the volume:

#### Calculation of weighted average wholesale sewerage tariff

##### Wholesale tariffs

Domestic / Business	Domestic		Business	
	Full	Incl. SWD rebate	Full	Incl. SWD rebate
Drainage arrangements				
Drainage charge meter size <25mm	42	21	42	21
Drainage charge meter size ≥25mm <30mm	214	107	214	107
Drainage charge meter size ≥30mm <40mm	350	175	350	175
Drainage charge meter size ≥40mm <50mm	480	240	480	240
Drainage charge meter size ≥50mm <65mm	880	440	880	440
Drainage charge meter size ≥65mm <80mm	1,280	640	1,280	640
Drainage charge meter size ≥80mm <100mm	2,250	1,125	2,250	1,125
Drainage charge meter size ≥100mm <125mm	3,900	1,950	3,900	1,950
Drainage charge meter size ≥125mm <150mm	5,300	2,650	5,300	2,650
Drainage charge meter size ≥150mm <200mm	8,000	4,000	8,000	4,000
Drainage charge meter size ≥200mm	10,600	5,300	10,600	5,300
Drainage charge where water use is >20 Ml and <162 Ml	2,650	1,325	2,650	1,325
Drainage charge where water use is >162 Ml and <342 Ml	6,650	3,325	6,650	3,325
Drainage charge where water use is >342 Ml	10,600	5,300	10,600	5,300
Volume Charge ≤20,000m³ (£ per m³)		1,5521		1,5805

##### Supply information

Domestic / Business	Domestic		Business		Total
	Full	Incl. SWD rebate	Full	Incl. SWD rebate	
Drainage arrangements					
Nr customers	0	500	0	0	500
Nr meters where size <25mm	0	500	0	0	500
Nr meters where size ≥25mm <30mm	0	0	0	0	0
Nr meters where size ≥30mm <40mm	0	0	0	0	0
Nr meters where size ≥40mm <50mm	0	0	0	0	0
Nr meters where size ≥50mm <65mm	0	0	0	0	0
Nr meters where size ≥65mm <80mm	0	0	0	0	0
Nr meters where size ≥80mm <100mm	0	0	0	0	0
Nr meters where size ≥100mm <125mm	0	0	0	0	0
Nr meters where size ≥125mm <150mm	0	0	0	0	0
Nr meters where size ≥150mm <200mm	0	0	0	0	0
Nr meters where size ≥200mm	0	0	0	0	0
Nr customers where water use is >20 Ml and <162 Ml	0	0	0	0	0
Nr customers where water use is >162 Ml and <342 Ml	0	0	0	0	0
Nr customers where water use is >342 Ml	0	0	0	0	0
Total volume discharged per year (m³)		41,871		0	41,871

##### Weighted wholesale tariff

Domestic / Business	Domestic		Business		Total
	Full	Incl. SWD rebate	Full	Incl. SWD rebate	
Drainage arrangements					
Fixed charges (£ per yr)	0	10,500	0	0	10,500
Volume charges (£ per yr)		64,988		0	64,988
Total charges (£ per yr)		75,488		0	75,488

##### Summary

Charge type	Total
Fixed charges (£ per yr)	10,500
Volume charges (£ per yr)	64,988
Total charges (£ per yr)	75,488
Total volume discharged per year (m³)	41,871
Final weighted average charge (£ per m³)	1,8029

The avoided costs are then deducted from the weighted average charge to give a final volumetric bulk discharge charge for the NAV:

### **Deduction of avoided costs from final weighted average charge**

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#### **Avoided costs**

	(£/m <sup>3</sup> )
Avoided operating expenditure	0.0253
Avoided maintenance & renewals	0.0329
Avoided depreciation	0.0000
Avoided tax/adjusted return	0.0000
<b>Avoided costs total</b>	<b>0.0582</b>

#### **Final bulk discharge charge**

	(£/m <sup>3</sup> )
<b>Final bulk discharge charge</b>	<b>1.7447</b>

## 5.4 Outputs sheet

The Outputs sheet gives a summary of the charges and discount for each service:

### Outputs

Customer Name

Outputs	Water	Sewerage
Weighted wholesale tariff	£1.9809	£1.8029
Avoided operating expenditure	£0.1358	£0.0253
Avoided maintenance & renewals	£0.0982	£0.0329
Avoided depreciation	£0.0000	£0.0000
Avoided tax/adjusted return	£0.0000	£0.0000
NAV discount	£0.2340	£0.0582
NAV volumetric charge	£1.7469	£1.7447

Total annual volume <sup>2</sup>	44,075	41,871
Total annual volume charge	£85,307	£64,988
NAV fixed charge	£2,000	£10,500
NAV Discount	-£10,314	-£2,437
Final charge	£76,993	£73,051
Total NAV discount including leakage (£)	-£15,278	-£2,437
Total NAV discount (%)	-16.6%	-3.2%

<sup>2</sup> After leakage adjustment to water volume

## 6. Appendix 2 Glossary and defined terms

Term	Definition
Bulk agreements	Bulk supply agreements and bulk discharge agreements.
Bulk charges	The charges for bulk services, i.e. bulk supplies and bulk discharges.
Bulk discharge	Supply of waste water from one wastewater company to another.
Bulk discharge agreement	A contract setting out the terms and conditions for bulk discharges.
Bulk services	Bulk supplies and bulk discharges.
Bulk supply	Supply of water from one water company to another.
Bulk supply agreement	A contract setting out the terms and conditions for bulk supply.
End-customers	Household retail customers and business retail customers.
NAV (New Appointment and Variation)	A water company that (either directly or indirectly) has replaced, or will replace, one or more incumbent water companies in relation to specific sites and for whom we do not currently set individual price controls. Although a NAV can operate its own treatment facilities, a NAV normally obtains a bulk supply of water from, and/or agrees a bulk discharge of wastewater to, an incumbent water company.