

New Wholesale Non-Household
Assessed Charge from 1 April
2018

Consultation – September 2017



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25/09/17

New wholesale non-household assessed charge from 1 April 2018

Consultation - September 2017

We are intending to replace our existing wholesale non-household assessed charge with a new assessed charging method from 1st April 2018. The aim of this consultation is to provide information to Retailers and other interested parties on our proposed tariff change for 2018/19 and seek comments and feedback before we confirm our approach in October.

1. Background

Our intention is to replace our existing non-household assessed charges and non-household rateable value charges with revised assessed charges. We propose to implement this change in 2018/19.

Our objective is to move all SPIDS on our current assessed charge to the new assessed charge as of 1st April 2018. We also propose to progressively replace existing rateable value charges with the new assessed charges from April 2018.

Our current assessed charge structure (2017/18) is as follows:

- *Water use below 80m³ per year: £121.00*
- *Water use above 80m³ per year: £272.07*

We are proposing to discontinue this assessed charge structure as of 31 March 2018.

2. The new wholesale non-household assessed charge as of 1 April 2018

How will it be calculated?

The assessed charge is an annual sum which is designed to reflect the usage of water on the eligible premises and the equivalent metered charges.

This assessed charge will be calculated by multiplying the assessed annual volume for the relevant eligible premises by the wholesale non-household standard measured volumetric rate per cubic metre for the relevant charging region and the relevant charging year. There will be no fixed charge component to this tariff.

How will the assessed annual volume be determined?

Our approach to determining the assessed volume for eligible premises will be based on the type of business activity or other non-household activity carried out on the premises and the size of the business. The number of full time employees will be used to determine the relative size of the business and the corresponding assessed water usage on the premises.

The business type that best fits the premises being assessed will be selected from the table below in line with the Basic Land and Property Unit (BLPU) classification and SIC code which are associated with the premises. Each business type has been allocated to one of five bands.

Business Type	Band	Business Type	Band
Business lock-up garage	1	Other	5
Cafe/restaurant	3	Park/sports ground	4
Community centre	5	Petrol filling station with car wash	4
Depot	1	Petrol filling station without car wash	1
Dry Cleaners	4	Place of worship	1
Factory (water not an input)	1	Pub/bar/club	4
Farm/allotment	5	Public Convenience	5
Garage repairs	1	Public library/museum/gallery	2
Hairdressing/beauty salon	2	Shop Retail - Goods or Services	1
Hospital	5	School/college	3
Hotel/guest house	3	Showroom	1
Industrial works (water not an input)	1	Sports facility	4
Laboratory	4	Surgery/clinic	2
Laundrette	4	Warehouse	1
Multi-storey car park	2	Workshop	1
Office	1	Yard	1

The assessed usage per full time employee (or full time equivalent) for each band as per the table below will then be used to determine the total assessed consumption on the premises. (The number of employee is used as a factor for determining the size of the business.)

Business type band	Assessed annual consumption per full time employee in cubic metres
Band 1	15
Band 2	50
Band 3	100
Band 4	200
Band 5	By inspection

The assessed volume is then calculated by multiplying:

- the number of full time employees (or full time equivalent) at the eligible premises;
- by the assessed annual consumption in cubic metres for each full time employee for the relevant band associated with the business type.

The number of full time employees (or full time equivalent) used in the calculation cannot be less than 1.

We reserve the right to calculate the assessed volume on a different basis (normally by inspection, with the Retailers' consent, taking into account the equipment and water fittings used on the premises, and the nature, frequency and other relevant characteristics of the water usage on the premises), where insufficient information is available or the available information indicates that the above approach is not an appropriate method to calculate the assessed volume for a specific eligible premises. Where possible we will compare the assessed premises to similar metered premises to confirm the assessed volume.

We will continue to meter premises where possible.

Impact of this change:

- on process:

Our proposal is to change the tariff of circa 600 SPIDs as of 01/04/18 and want to limit the impact on Retailers of running process H3 in March for all these SPIDs. Our intention is to work with Retailers between October and end of February to review and agree the assessed volume under the new assessed charge for each relevant SPID.

- on sewerage wholesalers:

We will work with the sewerage wholesalers for the SPIDs affected to identify if there is a significant difference between current sewerage and proposed water assessed volumes. Where an issue is identified, we propose to carry out a joint review and will endeavour to agree the assessed volume to apply from 1 April 2018 with the sewerage wholesaler.

- on customers' bill:

If as part of moving the circa 600 SPIDs to the new assessed charge method a customer's bill increases by more than 5% we will:

- review the assessed volume again looking at individual circumstances and where appropriate carry out a site visit (with the Retailers consent) and compare the assessed volume to similar metered properties.
- review whether or not the premises can be metered,

- provide free water efficiency advice subject to the agreement of the Retailer and review the assessment once water efficiency measures have been implemented that result in a significant reduction in the water actually used on the premises.

3. Next steps

We believe the new charging structure will provide a fairer and more transparent approach to charging retailers supplying unmetered premises. It will also improve the consistency of this charging method with metered charges.

We are keen to receive feedback from Retailers and other interested parties to the above proposals prior to finalising our approach. Any comments need to be emailed to Kieran.street@southeastwater.co.uk by COP 6th October 2017.

If you have any questions or would like further information I can be contacted on 01634 276278.

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