

south east water

Wholesale Non-Household Indicative Charges

2020 - 21



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Contact us

If you have any queries about this document please contact the Wholesale Regulation Team as follows:

Email:

oliver.martin@southeastwater.co.uk

matt.hersey@southeastwater.co.uk

Telephone:

01634 873050

01634 873928

Write:

Wholesale Regulation Team,

South East Water,

Rocfort Road,

Snodland,

Kent,

ME6 5AH

Introduction

This information is provided in accordance with the wholesale charging rules issued by Ofwat (20 December 2018). This information relates to wholesale charges that we apply to retailers (water supply licensees).

All indicative tariff charges are based upon our business plan draft determination response submitted to Ofwat in September 2019. Following Final Determination from Ofwat in December 2019 we will alter our charges as appropriate for final tariff publishing in January 2020.

Wholesale charges for water supplies to non-household premises (wholesale primary charges)

1. Types of water supply charges

We use three main methods to charge for water supplies:

- Metered charges: which are based on the volume of water recorded by our meter
- Assessed charges: which are based on the characteristics of the premises
- Unmetered charges: which are based on the rateable value of the premises

Each of these is explained further below.

2. Metered water charges

2.1. Standard metered charges

Standard metered charges are our default meter charges which apply unless another metered tariff is selected. Standard metered charges include:

- A fixed standing charge, which is an annual sum based on the size of the meter(s) and the meter reading frequency (monthly or six-monthly). Where the meter is a combination meter (i.e. where two meters of different sizes are used to measure the volume of water supplied at different flows) the standing charge is based on the size of the largest of the two meters.

- A variable volumetric charge which is based on a rate for each cubic metre of water recorded by the meter(s) or estimated. There are different volumetric rates depending on the geographic area in which the premises are located and the meter reading frequency (monthly or six-monthly). We have two geographic areas: the eastern region and the western region.

2.2. Metered charges for large volume supplies – Block tariff

Under our block tariff a lower volumetric charge will start applying where the consumption at the premises exceeds 10,000 cubic metres per year. Under the block tariff the total consumption in the month is allocated to different bands and the volumetric charge decreases as the consumption reaches higher bands. Meters must be read monthly.

Similar to the standard metered charges our block tariff comprises two elements – a fixed standing charge and a variable volumetric charge.

2.3. Metered charges for large volume supplies – Super Economy tariff

Note: the super economy tariff is only available for premises using more than 50,000 cubic metres per year and if the tariff already applied to the premises at 31 March 2017 and was renewed.

Under the super economy tariff an annual reservation volume must be agreed each year which can fall within two consumption bands:

- Band A: from 50,000 to 249,999 cubic metres
- Band B: 250,000 cubic metres and more

The super economy tariff has five elements:

- A fixed charge which is an annual sum applied per premises irrespective of the number of meters (based on Band A and Band B above).
- A fixed standing charge for the meter or each meter which is an annual sum based on the size of the meter. Where a meter is a combination meter (i.e. where two meters of different sizes are used to measure the volume of water supplied at different flows) the standing charge is based on the size of the largest of the two meters.

- The capacity charge which is an annual sum based on the amount of water in cubic meters to reserve for the charging year (the “reservation volume”) as agreed in advance with us. There is a different capacity charge rate for each of the two consumption bands in each of our two geographic areas. The annual capacity charge is calculated by first dividing the reservation volume in cubic meters by 1,000, then dividing the result by the number of days in the year and finally by multiplying the result by the capacity charge rate in the relevant band for the relevant geographic area. If the annual reservation volume is within Band A the capacity charge rate for that band and the relevant area is used and if the annual reservation volume is within Band B the capacity charge rate for that band and the relevant area is used.
- The usage charge which is calculated by multiplying the volume of water recorded by the meter(s) in the month (or estimated in accordance with the wholesale retail code) up to the monthly average reservation volume plus 10 per cent by the relevant usage charge rate.

There is a different usage charge rate for each of the two consumption bands in each of our two geographic areas. If the annual reservation volume is within Band A the usage charge rate for that band and the relevant area is used and if the annual reservation volume is within Band B the usage charge rate for that band and the relevant area is used.

- The excess usage charge which is calculated by multiplying the volume of water recorded by the meter(s) in the month (or estimated in accordance with the wholesale retail code) which is above the monthly average reservation volume plus 10 per cent by the relevant excess usage charge rate. There is a different excess usage charge rate for each of the two consumption bands in each of our two geographic areas. If the annual reservation volume is within Band A the excess usage charge rate for that band and the relevant area is used and if the annual reservation volume is within Band B the excess usage charge rate for that band and the relevant area is used.

3. Assessed Charges

The assessed charge is an annual sum which is designed to reflect the estimated usage of water on the relevant premises and is based on the characteristics of the premises.

The assessed charge is based on the annual volume of water that we estimate to be used on the premises. This assessed volume is multiplied by the relevant standard rate per cubic metre to calculate the total assessed charge for the year. The relevant

rate is the standard wholesale non-household volumetric rate. There is one standard wholesale non-household volumetric rate for each of our two charging regions.

There is no fixed (standing) charge component to this wholesale tariff.

We determine the assessed annual volume for eligible premises based on the type of business or other non-household activity carried out on the premises and on the size of the business or organisation.

Eligible premises are allocated to the most suitable activity type based on the Basic Land and Property Unit (BLPU) classification and standard industrial classification of industrial activities (SIC code) which are associated with the premises and any other information available on the relevant activity.

The activity types used for the assessment are set out in the table below.

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

Business Type	Band	Business Type	Band
Laundrette	4	Vet	2
Multi-storey car park	2	Warehouse	1
Office	1	Workshop	1
Other	5	Yard	1

Each activity type is allocated to one of five bands. Each band corresponds to an assessed usage per full time employee (or full time equivalent) as set out in the table below.

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

We use the actual number of full time employees to determine the relative size of the business and the corresponding assessed annual volume for the premises. (For the purpose of the assessment, “employees” include volunteers who regularly perform work for a charitable organisation.)

The assessed annual volume for the premises is calculated by multiplying (i) the number of full time employees (or full time equivalent) at the eligible premises by (ii) the assessed annual consumption corresponding to the activity type of the premises (i.e. the assessed annual consumption for the relevant band in the table above).

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. A specific assessment will normally be carried out where insufficient information is available or the available information indicates that the methodology described above is not appropriate 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.

Phase in relief and transitional arrangements apply in respect of this charges and will continue to apply including in cases where the new assessed charge is applied on or after 1 April 2020. Details of the phase in relief and transitional arrangements can be found in our wholesale tariff document.

4. Unmetered charges

Unmetered charges include:

- An annual standing charge for the geographic area in which the premises are located
- An annual rateable value charge which is based on a rate per pound of rateable value for the geographic area in which the premises are located

The rateable value is the value determined or proposed for rating purposes in rating valuation lists under the General Rate Act 1967 as at 31 March 1990.

Where applicable a rateable value assessed by us may be applied when separate premises with a rateable value are combined into single premises; alternatively an assessed charge may be applied instead (except when the premises are subsequently metered). The assessed charge will be made based on an estimate of the water usage at the premises.

5. Special agreements

We do not have any special arrangement tariffs currently in the market.

Wholesale non-household indicative charges appendix

2020-21

Excluding VAT

Unmetered charges

	Mid Southern (West Zone 0)	Sussex (East Zone 1, 2)	West Kent (East Zone 3)	Mid Kent (East Zone 4)
Standing Charge	£0.88	£0.88	£0.88	£32.93
Rateable Value Charges*	£1.0359	£1.7129	£1.6050	£1.4348

* Value charge per £ of rateable value

Standard Metered charges

Annual standing charges for non-household properties

Meter Size (mm)	All Zones (Zone 0, 1, 2, 3, 4)
12/15	£6.25
20/22	£20.86
25/28	£28.34
30/32/35	£43.39
40/42	£53.99
50/54	£66.92
65	£74.38
75/80	£92.23
100	£132.70
125/150	£193.11
300	£234.15

Volumetric charges

	West (Zone 0)	East (Zone 1, 2, 3, 4)
Volumetric charge per m ³	£1.3861	£1.8262

Block tariff

Volumetric charges

Consumption (ML per annum)	West (Zone 0)	East (Zone 1, 2, 3, 4)
0 – 10	£1.3861	£1.8262
10 – 150	£1.1153	£1.4706
150 – 250	£1.0871	£1.4386
>250	£1.0720	£1.4058

Assessed charges

Volumetric charges

	West (Zone 0)	East (Zone 1, 2, 3, 4)
Volumetric charge per m ³	£1.3861	£1.8262

SuperEconomy tariff

Western Region (Zone 0)

Consumption (ML per annum)	Fixed Charge (£)	Capacity Charge (per 1, 000m ³ per day)	Usage Charge (£ per m ³)	Excess Charge (£ per m ³)
50, 000 – 249, 999	£6,137.12	£98,762.11	£0.7944	£1.1262
250, 000 +	£16,844.81	£94,753.39	£0.7641	£1.0809

Eastern Region (Zone 1, 2, 3, 4)

Consumption (ML per annum)	Fixed Charge (£)	Capacity Charge (per 1, 000m ³ per day)	Usage Charge (£ per m ³)	Excess Charge (£ per m ³)
50, 000 – 249, 999	£8,043.13	£130,346.57	£1.0453	£1.4834
250, 000 +	£22,217.73	£125,016.30	£1.0077	£1.4154

Contact Us

South East Water
Rocfort Road
Snodland
Kent
ME6 5AH

southeastwater.co.uk

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