



South Staffs Water

incorporating



Statement of indicative wholesale  
water charges and charges scheme  
2019-2020

South Staffs Water  
(incorporating Cambridge Water)



## **South Staffs Water and Cambridge Water Indicative Wholesale Charges Scheme**

Since April 2017, eligible business customers have been able to switch their retail supplier. The tariffs set out in this document form the wholesale part of the total end user charge and as such exclude the retail costs of providing water to the end customer.

In order to allow retailers sufficient time to develop their retail pricing proposals ahead of the beginning of the charging year, companies also have to publish indicative wholesale charges three months before final charges are published and these are contained within this document. Final wholesale charges will be published in January 2019 and will be updated using the latest information available including the November 2018 RPI.

This charges scheme sets out our indicative wholesale charges to provide water to a retailer. All charges are effective from 1 April 2019 to 31 March 2020, unless otherwise stated.

Retailers should read these charges in conjunction with the terms set out in their wholesale contract for wholesale services.

We also include our indicative bulk charge for New Appointees and Variations (NAVs). This allows new entrants to provide water to a particular geographical location, for example a new development. Usually the new entrant will require a supply of water from the incumbent water company operating in that region. The calculation of the tariff is in line with Ofwat's final guidance published in May 2018.

This document also sets out the indicative wholesale charges for customers on special agreements who are eligible to switch to a retailer. If any interested party wishes to discuss these agreements then please e-mail [wholesaleservices@south-staffs-water.co.uk](mailto:wholesaleservices@south-staffs-water.co.uk)

## South Staffordshire Water PLC

### Board Approval of Indicative Wholesale Charges for 2019-20

#### Assurance Statement

In approving the indicative charges for 2019-20, the Directors confirm that they comply with the following provisions. This statement also sets out how the Board has assured itself of each provision.

**1. The Company complies with its legal obligations (including competition law) relating to the wholesale charges published.**

The water industry is subject to UK and EU competition law.

In order to ensure compliance, the Company has adhered to the Wholesale charging rules as set out by Ofwat in its Instrument of Appointment so that no undue preference or discrimination has been shown to any class of customer. Clear principles have been applied in setting tariffs such that customers pay the same amount for the same service, resulting in household and non-household tariffs being the same, except for any large user discount that could be justified, measured and unmeasured differentials represented by additional metering costs, and the historic differential between South Staffs and Cambridge regions being maintained.

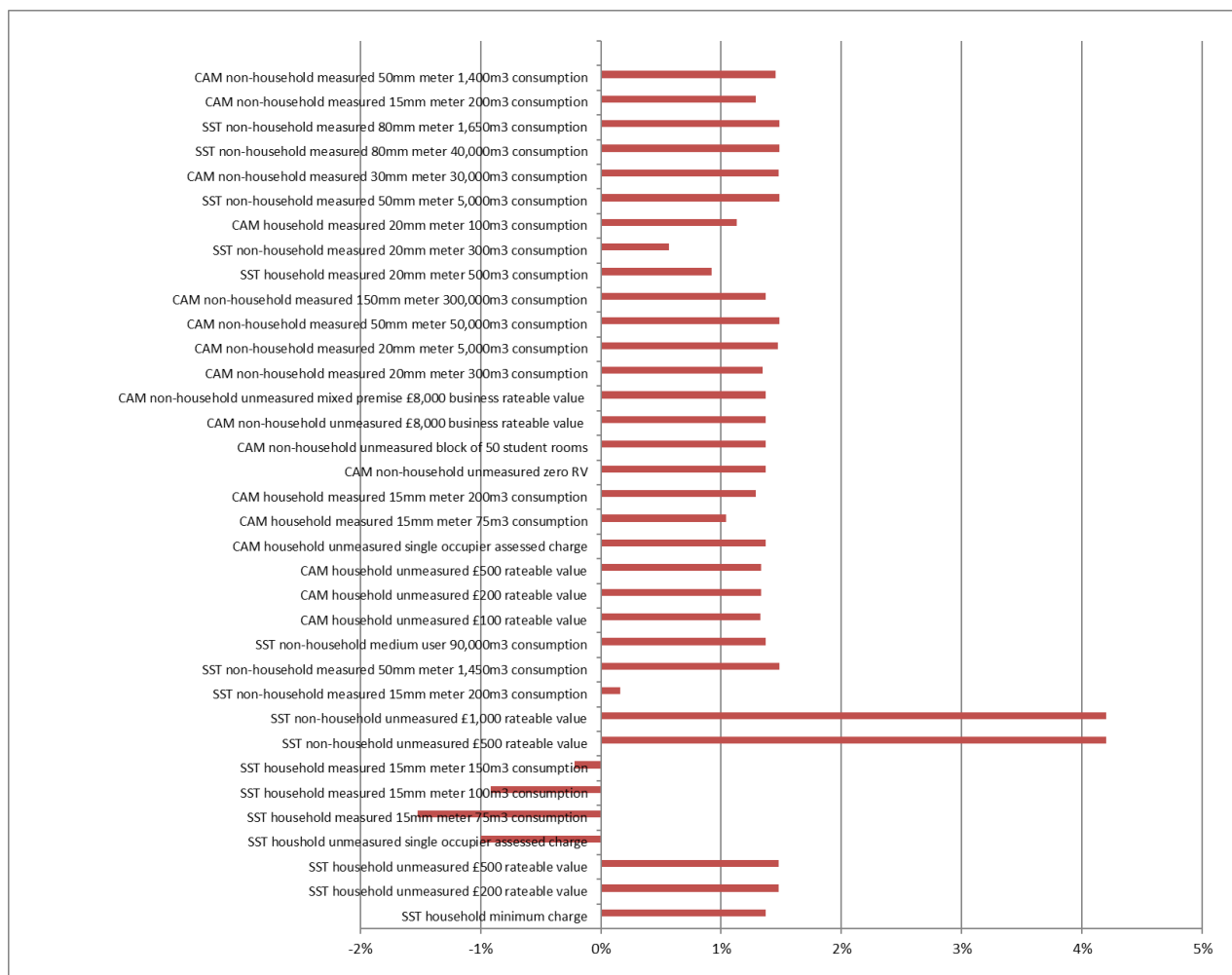
The Company has fully achieved these principles for the first time in 2019-20, after addressing all transitional arrangements (these were necessary to avoid an increase of greater than 5% for certain customers) in three areas:

- Wholesale charges for household and non-household customers are aligned where there are comparable tariffs. Unmeasured charges for around 3,000 customers in the South Staffs region have been fully aligned for 2019-20 charges.
- The metered fixed charge has been reduced in order that it reflects the cost of the meter (including installation) with all other Wholesale activities being charged based on the volume of water used. This has addressed a £4 differential in South Staffs and £2 in Cambridge.

- The single occupier assessed charge in the South Staffs region has historically been higher than the charge for an equivalent person on a meter using average consumption. There are around 1,250 customers on this tariff, their charge was reduced by 5% in 2018-19 and with a 1.0% reduction in 2019-20 is now both aligned and cost reflective.

**2. The Board has assessed the effects of the new charges on water supply licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%.**

No customer type will experience a bill increase of greater than 5% although individual customers may experience an increase greater than 5% depending on their own characteristics. A sample of 35 different customers on different tariffs has been chosen to ensure this compliance and the results are set out graphically below:



The bill reduction for customers with 15mm meters in the South Staffs region is as a result of reducing the standing charge from £22.55 to £20.00 so that it reflects the cost of the meter (including installation).

The reduction in the single occupier assessed charge in the South Staffs region is to align to the equivalent person on a meter using average consumption.

The increase in the non-household unmeasured charge in the South Staffs region of 4.2% is to align it to the equivalent household charge.

**3. The Company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its wholesale charges is accurate.**

Internally the majority of information is sourced from either PR19 Business Plan or PR14 Final Determination data and from established reports from the Company's billing systems.

The individuals involved at both Echo and the Water Company have been with the Company for a number of years and are familiar with the processes and information sources. In addition, although external assurance is not required, the Company's internal audit function has been used to give independent assurance on the data used. This approach is reviewed annually.

Finally, the Company along with three other water only companies has continued to use the services of Frontier Economics to produce a tariffs model to aid the setting of compliant charges.

**4. The Company has consulted with relevant stakeholders in a timely and effective manner on its wholesale charges schemes.**

A statement setting out the proposed Wholesale charges was circulated to all Retailers supplied by the Company in September 2018. This confirmed that the structure of Wholesale charges will not change and that no retailer will see an increase in wholesale charges greater than 5%.

The indicative wholesale charges have also been discussed with CCWater. Previously, CCWater identified an issue regarding the single occupier assessed charge in the South Staffs region being higher than the charge for an equivalent person on a meter using average consumption. In response to this, the Company agreed to reduce the tariff by 25% over a five-year period to 2020 to bring it in line with the metered equivalent. This charge will fall by 1.0% in 2019-20 achieving full alignment.

Approved by the Board of Directors on 27 September 2018 and signed on its behalf.



**Phil Newland**  
**Managing Director**  
**South Staffordshire Water PLC**

## Schedule for wholesale water supply - Measured - SST Household

### Standard charges

Measured water						
Standing charges	£ per meter per annum					
<15mm	20.00					
15mm	20.00					
16-19mm	20.00					
20mm	20.00					
21mm	20.00					
22mm	20.00					
23-24mm	20.00					
25mm	20.00					
26-28mm	20.00					
29-30mm	20.00					
31-35mm	20.00					
36-40mm	99.14					
41-42mm	99.14					
43-49mm	104.36					
50mm	104.36					
51-54mm	104.36					
55-64mm	109.58					
65mm	109.58					
66-79mm	109.58					
80mm	109.58					
Volumetric charges per m <sup>3</sup> – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar	
Up to 0.5 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
0.5-1 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
1-3 MI pap	0.9928	0.9928	0.9928	0.9928	0.9928	
3-5 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
5-10MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
10-15MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
15-20MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
20-25 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	
25-50 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928	

Schedule for wholesale water supply - Measured - SST Non Household

Standard charges

Measured water	
Standing charges	£ per meter per annum
<15mm	20.00
15mm	20.00
16-19mm	20.00
20mm	20.00
21mm	20.00
22mm	20.00
23-24mm	20.00
25mm	20.00
26-28mm	20.00
29-30mm	20.00
31-35mm	20.00
36-40mm	99.14
41-42mm	99.14
43-49mm	104.36
50mm	104.36
51-54mm	104.36
55-64mm	109.58
65mm	109.58
66-79mm	109.58
80mm	109.58
81-99mm	861.60
100mm	861.60
101-199mm	1106.77
200mm	1461.22
201mm and above	2685.67
<b>Other applicable fixed charges</b>	
50-100 MI pa	1985.01

The below table relates to forecast annual usage - it is not a rising block tariff

Volumetric charges per m <sup>3</sup> – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
0.5-1 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
1-3 MI pap	0.9928	0.9928	0.9928	0.9928	0.9928
3-5 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
5-10MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
10-15MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
15-20MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
20-25 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
25-50 MI pa	0.9928	0.9928	0.9928	0.9928	0.9928
50-100 MI pa	0.9369	0.9369	0.9369	0.9369	0.9369

Other applicable fixed charges (reservation tariff) – reservation fee	Apr-Sep	Oct-Mar
0.3MI peak monthly demand	29288.91	19525.07
0.4MI peak monthly demand	31485.65	20991.31
0.5MI peak monthly demand	33683.27	22454.92
0.6MI peak monthly demand	35878.24	23920.29
0.7MI peak monthly demand	38076.73	25383.03
0.8MI peak monthly demand	40273.47	26847.52
0.9MI peak monthly demand	42469.32	28313.76
1.0MI peak monthly demand	46239.29	30827.08
Each additional 0.1MI peak monthly demand	3854.15	2568.55

Volumetric charges per m <sup>3</sup> (reservation tariff)	Within reservation volume	In excess of reservation volume
Up to 350MI pa	0.4507	1.2655
Over 350MI pa	0.4348	1.2834



## Schedule for measured wholesale water supply – Unmeasured - SST Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	63.36
Assessed (Detached)	213.14
Assessed description (Semi-Detached)	168.38
Assessed description (Other)	120.42
Assessed description (Single Occupier)	74.06
Variable	
RV < £1,001	0.6456
RV £1,001 - £5,000	0.6456
RV £5,001 - £50,000	0.6456
RV >£50,000	0.6456
Other	
Swimming pool <90m3 capacity	72.47
Swimming pool 90+m3 capacity	72.47

## Schedule for measured wholesale water supply – Unmeasured - SST Non Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	63.36
Assessed (Detached)	213.14
Assessed description (Semi-Detached)	168.38
Assessed description (Other)	120.42
Assessed description (Single Occupier)	74.06
Places of Worship	63.36
Garden Taps/Taps at Allotments	63.36
Swimming pool <90m3 capacity	72.47
Cattle Troughs	91.17
Variable	£ Per annum
RV min< £1,001	0.6456
RV £1,001 - £5,000	0.6456
RV £5,001 - £50,000	0.6456
RV >£50,000	0.6456

Schedule for wholesale water supply - Measured - CAM Household

Standard charges

Standing charges	£ per meter per annum
<15mm	20.00
15mm	20.00
16-19mm	20.00
20mm	20.00
21mm	20.00
22mm	20.00
23-24mm	20.00
25mm	20.00
26-28mm	20.00
29-30mm	20.00
31-35mm	20.00
36-40mm	20.00
41-42mm	20.00
43-49mm	20.00
50mm	20.00
51-54mm	117.84
55-64mm	117.84
65mm	117.84
66-79mm	117.84
80mm	117.84
81-99mm	118.81
100mm	118.81

The below table relates to forecast annual usage - it is not a rising block tariff

Volumetric charges per m <sup>3</sup> – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
0.5-1 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
1-3 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
3-5 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
5-10MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
10-15MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
15-20MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
20-25 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
25-50 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
<b>Volumetric charges per m<sup>3</sup> – fixed band (Eddington Non-Potable Water)</b>	<b>Apr</b>	<b>May</b>	<b>Jun-Aug</b>	<b>Sep</b>	<b>Oct-Mar</b>
Up to 0.5 MI pa	0.7208	0.7208	0.7208	0.7208	0.7208

Schedule for wholesale water supply - Measured - CAM Non Household

Standard charges

Measured water	
Standing charges	£ per meter per annum
<15mm	20.00
15mm	20.00
16-19mm	20.00
20mm	20.00
21mm	20.00
22mm	20.00
23-24mm	20.00
25mm	20.00
26-28mm	20.00
29-30mm	20.00
31-35mm	20.00
36-40mm	20.00
41-42mm	20.00
43-49mm	20.00
50mm	20.00
51-54mm	117.84
55-64mm	117.84
65mm	117.84
66-79mm	117.84
80mm	117.84
81-99mm	118.81
100mm	118.81
101-199mm	149.64
200mm	149.64
80mm inferential	144.74
>100m inferential	149.64

The below table relates to forecast annual usage - it is not a rising block tariff

Volumetric charges per m <sup>3</sup> – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
0.5-1 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
1-3 MI pap	0.8009	0.8009	0.8009	0.8009	0.8009
3-5 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
5-10MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
10-15MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
15-20MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
20-25 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
25-50 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
50-100 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
100-150 MI pa	0.8009	0.8009	0.8009	0.8009	0.8009
150-175 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
175-180 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
180-250MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
250-500 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
500-750 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
750-1,000 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
1,000-2,500 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
2,500 - 3,000 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
Over 3,000 MI pa	0.6292	0.6292	0.6292	0.6292	0.6292
Volumetric charges per m <sup>3</sup> – fixed band (Non-Potable Water)	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.7208	0.7208	0.7208	0.7208	0.7208

## Schedule for wholesale water supply – Unmeasured - CAM Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	22.79
RV min< £1,001	22.79
RV £1,001 - £5,000	22.79
RV £5,001 - £50,000	22.79
RV >£50,000	22.79
Variable	
RV < £1,001	0.5019
RV £1,001 - £5,000	0.5019
RV £5,001 - £50,000	0.5019
RV >£50,000	0.5019
Assessed (Detached)	151.52
Assessed (Semi-Detached)	127.03
Assessed (Other)	74.00
Other	
1 Tap	48.09

## Schedule for wholesale water supply – Unmeasured - CAM Non Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	21.25
RV min< £1,001	21.25
RV £1,001 - £5,000	21.25
RV £5,001 - £50,000	21.25
RV >£50,000	21.25
No / Zero RV	20.10
Licence charge (mixed properties)	95.41
Variable	
RV < £1,001	0.0469
RV £1,001 - £5,000	0.0469
RV £5,001 - £50,000	0.0469
RV >£50,000	0.0469
Other	
Student Rooms	85.65

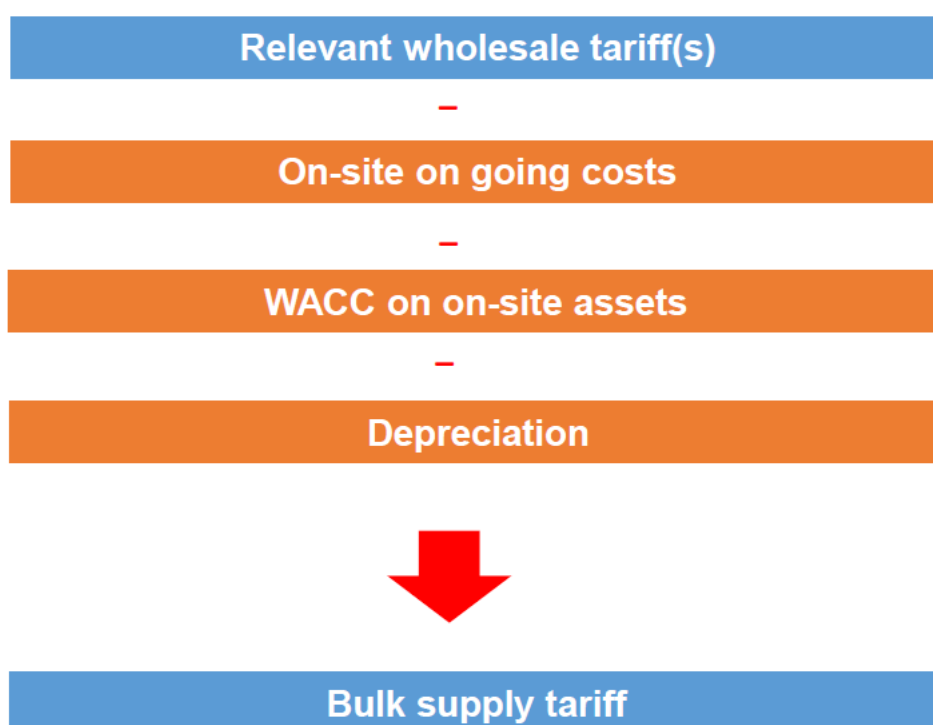
Special Agreements

Code (Defined)	Comment	Allowance (m3)	Applicable Wholesale volumetric Rate	Number of Customers
AW001	Fixed Volume Allowance	24	0.9928	1
AW002	Fixed Volume Allowance	40	0.9928	2
AW003	Fixed Volume Allowance	56	0.9928	5
AW004	Fixed Volume Allowance	60	0.9928	8
AW005	Fixed Volume Allowance	64	0.9928	1
AW006	Fixed Volume Allowance	68	0.9928	3
AW007	Fixed Volume Allowance	70	0.9928	1
AW008	Fixed Volume Allowance	72	0.9928	3
AW009	Fixed Volume Allowance	76	0.9928	4
AW010	Fixed Volume Allowance	84	0.9928	1
AW011	Fixed Volume Allowance	88	0.9928	3
AW012	Fixed Volume Allowance	92	0.9928	2
AW013	Fixed Volume Allowance	94	0.9928	1
AW014	Fixed Volume Allowance	96	0.9369	1
AW015	Fixed Volume Allowance	96	0.9928	4
AW016	Fixed Volume Allowance	100	0.9928	2
AW017	Fixed Volume Allowance	101	0.9928	1
AW018	Fixed Volume Allowance	104	0.9928	1
AW019	Fixed Volume Allowance	108	0.9928	2
AW020	Fixed Volume Allowance	112	0.9928	1
AW021	Fixed Volume Allowance	120	0.9928	4
AW022	Fixed Volume Allowance	128	0.9928	2
AW023	Fixed Volume Allowance	132	0.9928	1
AW024	Fixed Volume Allowance	140	0.9928	2
AW025	Fixed Volume Allowance	141	0.9928	1
AW026	Fixed Volume Allowance	144	0.9928	3
AW027	Fixed Volume Allowance	146	0.9928	1
AW028	Fixed Volume Allowance	148	0.9928	1
AW029	Fixed Volume Allowance	152	0.9928	1
AW030	Fixed Volume Allowance	158	0.9928	1
AW031	Fixed Volume Allowance	160	0.9928	1
AW032	Fixed Volume Allowance	164	0.9928	2
AW033	Fixed Volume Allowance	176	0.9928	2
AW034	Fixed Volume Allowance	180	0.9928	2
AW035	Fixed Volume Allowance	184	0.9928	1
AW036	Fixed Volume Allowance	192	0.9928	1
AW037	Fixed Volume Allowance	196	0.9928	2
AW038	Fixed Volume Allowance	200	0.9928	2
AW039	Fixed Volume Allowance	208	0.9928	1
AW040	Fixed Volume Allowance	216	0.9928	1
AW041	Fixed Volume Allowance	220	0.9928	1
AW043	Fixed Volume Allowance	233	0.9928	1
AW044	Fixed Volume Allowance	236	0.9928	1
AW045	Fixed Volume Allowance	240	0.9928	1
AW046	Fixed Volume Allowance	244	0.9928	1
AW047	Fixed Volume Allowance	248	0.9928	1
AW048	Fixed Volume Allowance	250	0.9928	1
AW049	Fixed Volume Allowance	256	0.9928	2
AW050	Fixed Volume Allowance	264	0.9928	1
AW051	Fixed Volume Allowance	276	0.9928	1
AW052	Fixed Volume Allowance	288	0.9928	1
AW053	Fixed Volume Allowance	296	0.9928	1
AW054	Fixed Volume Allowance	328	0.9928	1
AW056	Fixed Volume Allowance	348	0.9928	1
AW057	Fixed Volume Allowance	350	0.9928	1
AW058	Fixed Volume Allowance	368	0.9928	2
AW059	Fixed Volume Allowance	372	0.9928	1
AW060	Fixed Volume Allowance	376	0.9928	1
AW061	Fixed Volume Allowance	392	0.9928	1
AW062	Fixed Volume Allowance	434	0.9928	1
AW063	Fixed Volume Allowance	436	0.9928	1
AW064	Fixed Volume Allowance	440	0.9928	1
AW065	Fixed Volume Allowance	444	0.9928	1
AW066	Fixed Volume Allowance	452	0.9928	1
AW067	Fixed Volume Allowance	500	0.9928	1
AW068	Fixed Volume Allowance	528	0.9928	2
AW069	Fixed Volume Allowance	544	0.9928	1
AW070	Fixed Volume Allowance	612	0.9928	2
AW071	Fixed Volume Allowance	660	0.9928	1
AW074	Fixed Volume Allowance	905	0.9928	1
AW075	Fixed Volume Allowance	956	0.9928	1
AW077	Fixed Volume Allowance	1164	0.9928	1
AW078	Fixed Volume Allowance	1364	0.9928	1
AW080	Fixed Volume Allowance	1816	0.9928	2
AW081	Fixed Volume Allowance	5508	0.9928	3
AW082	Fixed Volume Allowance	232	0.9928	1
AW083	Fixed Volume Allowance	344	0.9928	1
AW084	Fixed Volume Allowance	792	0.9928	1
AW085	Fixed Volume Allowance	836	0.9928	1
AW086	Fixed Volume Allowance	1088	0.9928	1
AW087	Fixed Volume Allowance	1536	0.9928	1
AW088	Percentage Volume Allowance	2%	0.9928	1

## Indicative bulk charges for NAVs

When a NAV is appointed a water company for a site, it may have its own supply of water which it could use to supply its customers. Alternatively, it may wish to purchase a supply of water from us. This supply is known as a bulk supply.

In May 2018, Ofwat published a decision document setting out guidance on how bulk charges should be set by water companies when providing this service to NAVs and we have adopted its principles in arriving at a bulk supply charge. This is set out below and taken from Ofwat's decision document.



The starting position in deriving the bulk charge is the standard volumetric wholesale charge published in this indicative wholesale charges scheme. This charge is the same for both business and residential customers. Our standing charges only represent the cost of the meter and any associated maintenance at the customer's property. This is provided by the NAV and so should not be part of the bulk charge.

We then deduct the costs included in our wholesale charge which relate to on-site costs that we avoid as this is the responsibility of the NAV. This has been calculated by taking the proportion of distribution costs that relate to the local network of infrastructure and dividing this by the total volume of water supplied to give a £/m<sup>3</sup>.

The return earned by the incumbent for any on-site assets should not be included in the bulk charge as these assets are owned and paid for by the NAV.



This return has been calculated by taking the value of local mains as a percentage of our total asset base and using this to work out the proportion of our Regulatory Capital Value (RCV) which would relate to local mains. The allowed return on this proportion has been calculated using Ofwat's guidance on the return for a NAV of 4.74%. This has then been divided by the total volume of water supplied to give a £/m3.

Finally, the depreciation incurred on local mains is deducted using an average asset life of 80 years.

Below are our indicative NAV charges for 2019-20:

	<b>South Staffs Region (£/m3)</b>	<b>Cambridge Region (£/m3)</b>
<b>Standard wholesale tariff</b>	<b>£0.9928</b>	<b>£0.8009</b>
LESS On-Site ongoing costs	(£0.327)	(£0.327)
LESS Incumbent WACC (4.74%) on on-site assets	(£0.058)	(£0.058)
LESS depreciation	(£0.015)	(£0.015)
<b>NAV bulk charge</b>	<b>£0.5928</b>	<b>£0.4009</b>

Note: As our wholesale tariffs differ across regions due to different treatment and distribution costs, there is a NAV bulk tariff for each region