

Building Water Charges & Temporary Supply Charges Policy for New Developments

This policy is company wide, covering both the Northumbrian (NW) and Essex & Suffolk (ESW) operating areas. Any references to sewerage services are not applicable in respect of ESW.

Purpose

The purpose of this policy is to set out how we charge for the income that is due to us in respect of the water and sewerage services we provide during the lifecycle of a development. It covers the income that is due from developers and builders (“developers”) prior to the occupancy, by others, of any building developers have constructed or converted.

In addition, this policy covers the way in which we charge for temporary supplies of water to new developments.

Principles – Charging for Our Services during Development

Developers use water and benefit from some aspects of our sewerage service during the lifecycle of a development.

We will apply charges to ensure we recover the income that is due from developers and that those charges are cost reflective. Our charges have been derived by considering:

- the volume of water used during development
- the fixed costs of operating and maintaining our water network and meters serving developments
- the fixed costs of operating and maintaining our sewerage network to drain highways

Background

In 2012, we carried out some work that identified that we were not accurately recovering the income from developers associated with their construction activity.

In most cases, larger development sites are provided with a metered temporary supply from a nearby water main. Whilst we were satisfied that we were able to charge developers for temporary supplies, we recognised that we did not have a satisfactory mechanism to charge where other connections had been made to our network. Our evidence confirmed that developers also use water drawn from individual communication pipes connected to newly laid and existing mains around a development site. Typically the water is used to supply to on-site cabins, watering the gardens of new housing plots and washing down surfaces.

Whilst the development is being built, we are required to operate and maintain the existing mains serving the development, the new mains and connections on site and to maintain each new building’s water meter. We also take readings from the water meters once they have been installed and collect and dispose of rainfall falling on highways (in NW’s area).

The analysis identified the fixed and variable costs of supplying water and providing sewerage services to domestic houses during construction. As a consequence we reviewed our charges to improve both income recovery and to ensure they were cost reflective.

Charging Mechanisms for Building Water and Temporary Supplies

1. Temporary Supplies

Water usage from a temporary supply will be charged to the developer based upon the actual consumption recorded by the meter. This will be charged at the standard price for each cubic metre used. In addition we will recover our fixed costs through a standing charge for water and highway drainage. This will be calculated based on the time between the meter being installed and the temporary supply being disconnected.

2. Building Water Charges

The purpose of this charge is to recover the income that is due to us but is not included within charges made for temporary supplies. Whilst this charge covers a number of services we provide to builders and developers, for simplicity we will use the term “building water charge” to describe it.

The building water charge recovers the average costs of:

- the water used from connections, other than the temporary supply connections
- maintaining and reading the meter
- operating and maintaining the new mains and communication pipes
- collecting and disposing of rainfall falling on highways (NW only)

The flat fee building water charge will apply to all newly constructed buildings or where new properties are created due to conversion. Presently, the fee is the same for all types of buildings irrespective of their size, type or the way in which they are supplied. However, this is an area for possible future policy development.

One building water charge will be applied for every new permanent meter that is installed and is payable at the same time that developers pay for a new service connection. However, if a temporary supply has been installed and it is due to be converted to a permanent supply, we will not apply a building water charge in respect of that particular connection (see below).

3. Temporary Supplies that are to be Disconnected

If a developer requires a temporary supply which will be disconnected on completion of the development, they will also be required to pay for the eventual disconnection of the supply. We will continue to raise a bill for each temporary supply that is installed, until the developer requests that the supply is disconnected. The developer should therefore inform us when

the supply is no longer required to avoid paying additional standing charges for the temporary supply beyond the date it was required.

When we receive a request to disconnect a temporary supply, a final meter reading will be taken at the time of the disconnection. Any additional consumption since the last meter reading will be billed to the developer together with standing charges relating to the time elapsed since the last bill.

If we are unable to take a final meter reading e.g. because the meter has been buried over, then an estimate will be made for the final reading based on previous consumption. Consumption will be charged to the developer.

4. Temporary Supplies that are made into a Permanent Supply

If a developer requires a temporary supply, but wishes to ultimately convert this to a permanent supply, they will need to indicate their intention to do so in their application. In such a case, no building water charge will apply in respect of that particular temporary service connection.

5. Using an adjacent existing supply for Building Purposes

This situation typically relates to developments of single or a small number of buildings and there is an existing supply very close to the location of the development. The developer may request to use this existing supply to provide water for construction of the new properties. The two most common scenarios are as follows:

a) Existing metered supply used for Building Purposes

Where one or more new, separate buildings are built using an existing metered supply, we will continue to charge the developer for the consumption from the existing supply as measured by the meter. If there is no current customer on the account, the developer will need to be registered against the existing account. As explained above, building water charges will apply to any new properties that are being built.

b) Requests to use an Existing Unmetered Supply for Building Purposes

An existing unmetered supply cannot be used for building purposes. If the unmeasured supply is suitable for use/reuse as a temporary supply then the developer is required to pay for a meter to be fitted to it. If an existing supply is not suitable, the developer will be required to apply for a new metered connection to be used as a temporary supply. This could be ultimately converted to a permanent supply if the developer indicates their intention to us. Once the temporary supply arrangement has been established, charges will be applied in accordance with this policy.

Any unsuitable existing supply should be disconnected.