

# Infrastructure Charges

## What are infrastructure charges?

Infrastructure charges are collected by water and sewerage companies when new or redeveloped properties connect to their networks. The charges were introduced by the government as a way of ensuring that water and sewerage companies are funded to develop their networks to accommodate the extra demand resulting from new development. This includes investment in new, enlarged or extended sewers and water mains, and ancillary assets e.g. pumping stations, combined sewer overflows, service reservoirs, water towers and pressure management equipment. Charges are set in accordance with rules set by Ofwat. Further information about infrastructure charges can be found in our Charging Arrangements document, which can be found on our website <https://www.nwl.co.uk/developers.aspx>.

## How are infrastructure charges calculated?

The way we calculate infrastructure charges depends on the type of development:

- **Housing**

Each new house attracts a single infrastructure charge for both water and wastewater. We will refer to this as a “set” of infrastructure charges. A house is defined as being any building or part of a building which is occupied as a private dwelling, including a flat.

- **Non-household developments**

For properties that are not defined as a house, if the water supply connection is greater than 25 millimetres in diameter, infrastructure charges are calculated based on the number and type of water fittings in the new or newly converted property. Each water fitting is assigned with a “loading unit”. The loading unit relates to the average amount of water that the particular water fitting uses. The number of loading units for a development gives us an indication of the demand that will be placed on our networks. We add up the loading units for the development to calculate the infrastructure charges that are due. For example, where the number of loading units in a development is five times that of a standard house, the developer will be required to pay five water and wastewater infrastructure charges.

## Discounted infrastructure charges

We offer discounts to customers that design and build houses to use less water and that are drained in a sustainable way.

For houses, we will waive the water infrastructure charge in the event that evidence is provided to show the house is to be built to achieve a consumption of no more than 105 litres per person per day. The level of water efficiency of a house can be derived by using the calculator tool on the following website: [www.thewatercalculator.org.uk](http://www.thewatercalculator.org.uk). Claims for water infrastructure charges to be waived must be made at the time of applying for water service connections.

For both houses and non-household properties, the discounted rate for wastewater infrastructure will be applied automatically if drainage plans submitted to us show that the properties will not drain surface water and/or foul sewage to our sewer network.

## How infrastructure charges are calculated when a site is being redeveloped

Where a site is being redeveloped, we will sometimes reduce the number of infrastructure charges that are payable. As a minimum, we discount the number of infrastructure charges that are payable based upon the number of houses that existed on the site, subject to them being connected to our networks, in the five years prior to the redevelopment taking place.

Where non-household buildings occupied all or some of the site, we will take into consideration the previous demand by the non-household buildings that were connected in the five years prior to the new development. The previous demand will be assessed from historical consumption records where they exist. In instances where there is no consumption history, we may consider the number of water fittings that were previously installed in the properties that existed prior to the redevelopment.

Once we have carried out the two assessments (i.e. the number of connected non-household properties and previous demand), we will apply whichever is the greater number of infrastructure charge credits.

### Examples

We have set out some examples that demonstrate how infrastructure charges will be calculated in various different scenarios. Unless stated otherwise, we assume that properties are connecting to both our water and wastewater networks:

- **Scenario 1 - Building a new house**

A newly constructed house that is built on land which had never been built on in the past will incur a single infrastructure charge for both water and wastewater.

The charge will be incurred as the new property will be using water and discharging wastewater for the first time, thus creating additional demand on our water and wastewater networks.

- **Scenario 2 - Converting one house into two flats**

A single set of infrastructure charges will be due as one additional “house” is being created. This is providing that the existing single house has had a connection in the last five years, otherwise two sets of infrastructure charges will be payable.

- **Scenario 3 - Converting a non-household property into eight flats**

In this scenario, the previous demand will be assessed from our historical usage records where they exist. In the instances where there is no usage history, you will be asked to provide a comprehensive list of water fittings that were previously installed in the property that existed prior to the redevelopment.

We convert this usage into infrastructure charge “credits” by relating it to the average annual usage of a house in our area of supply. These credits are subtracted from the number of infrastructure charges that have been calculated for the new houses in the development and the difference will be payable.

- **Scenario 4 - Building houses on a “greenfield” site**

A greenfield site is an area of land which has never been built on or developed in the past, therefore the same principle explained in scenario 1 will apply.

Where a developer builds on a greenfield site, a single set of infrastructure charges will be payable for each new house that is created.

- **Scenario 5 - Building houses on a “brownfield” site**

A brownfield site is land that has been developed at some time in the past.

In the case where houses have been demolished and the site redeveloped, infrastructure will be charged on the basis of the net increase in the number of houses on the site.

If the site was previously used for industrial or commercial use, the principles set out in scenario 3 will apply

- **Scenario 6 – A commercial property to be converted into another commercial property**

Where a commercial property is to be converted into another type of commercial building, usage in the previous five years will be taken into consideration. The usage will be converted into ‘credits’ using the principles described in scenario 3.

- **Scenario 7 – Properties not connecting to our sewerage network**

In the case of a new property not connecting to our sewers, for example, when a septic tank is used to treat foul sewage and the surface water discharges to a watercourse via a privately owned drain, the wastewater infrastructure charge will not apply at the time when the property is built. Should the property be connected to our sewers at a later date, the wastewater infrastructure charge will be payable at that time.