



South Staffs Water

incorporating



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

South Staffs Water
(incorporating Cambridge Water)



South Staffs Water and Cambridge Water Indicative Wholesale Charges Scheme

As a result of the changes made in the 2014 Water Act, business customers are able to switch their supplier and incumbent water companies have a requirement to publish their wholesale charges.

Wholesale charges are the charges that retailers have to pay wholesalers for the provision of wholesale water services and so the tariffs set out in this document exclude the retail costs of providing water to the end customer.

This charges scheme sets out our 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.

Alongside this document, the Company has published a list of non-primary charges that would be payable by a water supply or sewerage licensee. This is available on our website at the link below:

<https://www.south-staffs-water.co.uk/publications/your-charges>

This document also sets out the 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

We also include our 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.

South Staffordshire Water PLC

Board Approval of Wholesale Charges for 2019-20

Assurance Statement

In approving the 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.

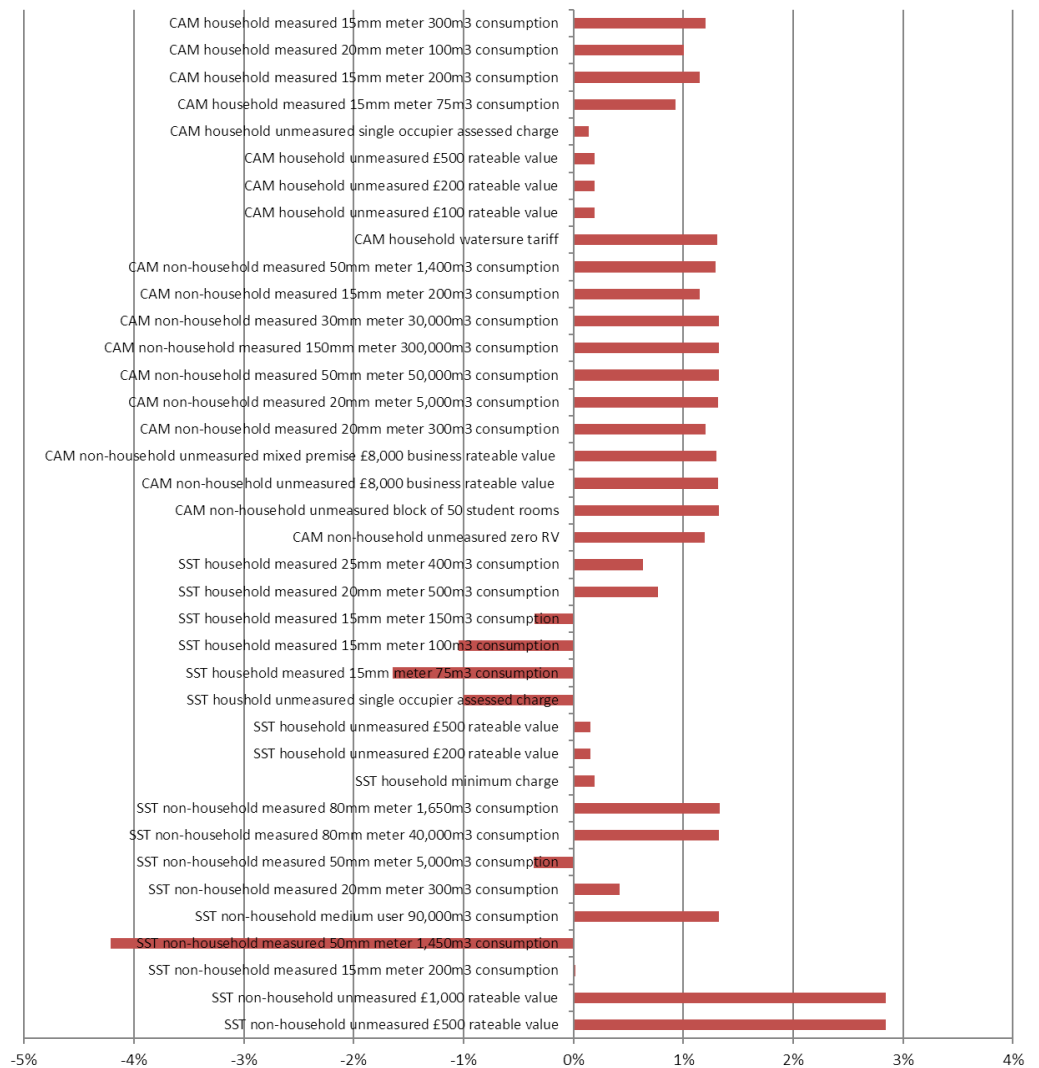
The Company has fully achieved these principles for the first time in 2019-20, after addressing all transitional arrangements (these were necessary to avoid an increase of greater than 5% for certain customers) in three areas:

- 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.

- 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 38 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). Customers with larger meter sizes up to 50mm will also see a reduction in their standing charge to £20.00 resulting in bill reductions for certain customers depending on their consumption profile.

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 2.8% 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 exception to this is where metered household customer numbers and consumption used for 2019-20 has been based on the latest actual 2018-19 data.

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 Group'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. Where final Wholesale Charges are significantly different from the Indicative charges published for the same period, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated.

The Company confirms that there are no significant changes to the final wholesale charges compared to the indicative charges with small changes being predominantly due to a different actual RPI compared to that assumed when indicative charges were set.

5. 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 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 11 January 2019 and signed on its behalf.

A handwritten signature in dark ink, appearing to be 'Phil Newland', written in a cursive style.

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	20.00					
41-42mm	20.00					
43-49mm	20.00					
50mm	20.00					
51-54mm	109.58					
55-64mm	109.58					
65mm	109.58					
66-79mm	109.58					
80mm	109.58					
81-99mm	118.81					
100mm	118.81					
101-199mm	149.41					
Volumetric charges per m ³ – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar	
Up to 0.5 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
0.5-1 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
1-3 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
3-5 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
5-10MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
10-15MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
15-20MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
20-25 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	
25-50 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913	

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	20.00
41-42mm	20.00
43-49mm	20.00
50mm	20.00
51-54mm	109.58
55-64mm	109.58
65mm	109.58
66-79mm	109.58
80mm	109.58
81-99mm	118.81
100mm	118.81
101-199mm	149.41
200mm	149.41
201mm and above	2681.60
Other applicable fixed charges	
50-100 MI pa	1984.16

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

Volumetric charges per m ³ – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
0.5-1 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
1-3 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
3-5 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
5-10MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
10-15MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
15-20MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
20-25 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
25-50 MI pa	0.9913	0.9913	0.9913	0.9913	0.9913
50-100 MI pa	0.9365	0.9365	0.9365	0.9365	0.9365

Other applicable fixed charges (reservation tariff) – reservation fee	Apr-Sep	Oct-Mar
0.3MI peak monthly demand	29330.16	19552.57
0.4MI peak monthly demand	31529.99	21020.87
0.5MI peak monthly demand	33730.70	22486.54
0.6MI peak monthly demand	35928.76	23953.97
0.7MI peak monthly demand	38130.35	25418.77
0.8MI peak monthly demand	40330.18	26885.33
0.9MI peak monthly demand	42529.13	28353.63
1.0MI peak monthly demand	46304.40	30870.48
Each additional 0.1MI peak monthly demand	3859.58	2572.17

Volumetric charges per m ³ (reservation tariff)	Within reservation volume	In excess of reservation volume
Up to 350MI pa	0.4506	1.2652
Over 350MI pa	0.4347	1.2830

Schedule for wholesale water supply – Unmeasured - SST Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	62.62
Assessed (Detached)	212.82
Assessed description (Semi-Detached)	168.13
Assessed description (Other)	120.24
Assessed description (Single Occupier)	74.06
Variable	
RV < £1,001	0.6372
RV £1,001 - £5,000	0.6372
RV £5,001 - £50,000	0.6372
RV >£50,000	0.6372
Other	
Swimming pool <90m3 capacity	72.36
Swimming pool 90+m3 capacity	72.36

Schedule for wholesale water supply – Unmeasured - SST Non Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	62.62
Assessed (Detached)	212.82
Assessed description (Semi-Detached)	168.13
Assessed description (Other)	120.24
Assessed description (Single Occupier)	74.06
Places of Worship	62.62
Garden Taps/Taps at Allotments	62.62
Swimming pool <90m3 capacity	72.36
Cattle Troughs	90.06
Variable	£ Per annum
RV min< £1,001	0.6372
RV £1,001 - £5,000	0.6372
RV £5,001 - £50,000	0.6372
RV >£50,000	0.6372

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	109.58
55-64mm	109.58
65mm	109.58
66-79mm	109.58
80mm	109.58
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 ³ – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
0.5-1 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
1-3 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
3-5 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
5-10MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
10-15MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
15-20MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
20-25 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
25-50 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
Volumetric charges per m ³ – fixed band (Eddington Non-Potable Water)	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.7197	0.7197	0.7197	0.7197	0.7197

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	109.58				
55-64mm	109.58				
65mm	109.58				
66-79mm	109.58				
80mm	109.58				
81-99mm	118.81				
100mm	118.81				
101-199mm	149.41				
200mm	149.41				
80mm inferential	109.58				
>100m inferential	149.41				
The below table relates to forecast annual usage - it is not a rising block tariff					
Volumetric charges per m ³ – fixed band	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
0.5-1 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
1-3 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
3-5 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
5-10MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
10-15MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
15-20MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
20-25 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
25-50 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
50-100 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
100-150 MI pa	0.7997	0.7997	0.7997	0.7997	0.7997
150-175 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
175-180 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
180-250MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
250-500 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
500-750 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
750-1,000 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
1,000-2,500 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
2,500 - 3,000 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
Over 3,000 MI pa	0.6289	0.6289	0.6289	0.6289	0.6289
Volumetric charges per m ³ – fixed band (Non-Potable Water)	Apr	May	Jun-Aug	Sep	Oct-Mar
Up to 0.5 MI pa	0.7197	0.7197	0.7197	0.7197	0.7197

Schedule for wholesale water supply – Unmeasured - CAM Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	22.54
RV min< £1,001	22.54
RV £1,001 - £5,000	22.54
RV £5,001 - £50,000	22.54
RV >£50,000	22.54
Variable	
RV < £1,001	0.4962
RV £1,001 - £5,000	0.4962
RV £5,001 - £50,000	0.4962
RV >£50,000	0.4962
Assessed (Detached)	151.29
Assessed (Semi-Detached)	126.83
Assessed (Other)	73.10
Other	
1 Tap	48.02

Schedule for wholesale water supply – Unmeasured - CAM Non Household

Unmeasured water	
Standing / fixed charge	£ Per annum
Minimum charge	21.22
RV min< £1,001	21.22
RV £1,001 - £5,000	21.22
RV £5,001 - £50,000	21.22
RV >£50,000	21.22
No / Zero RV	20.07
Licence charge (mixed properties)	95.26
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	85.61

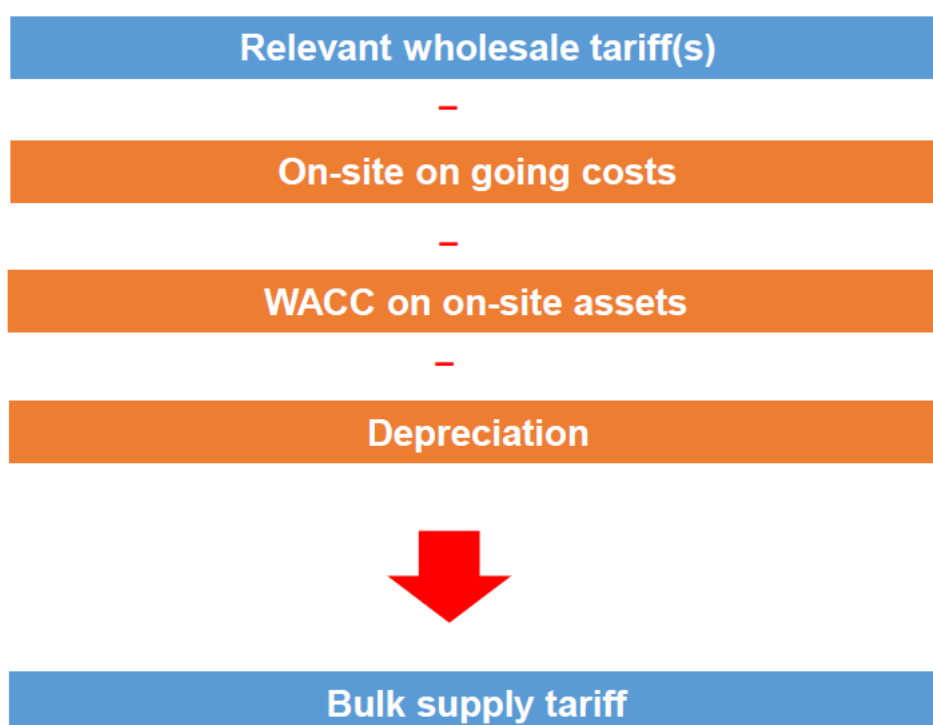
Special Agreements

Code (Defined)	Comment	Allowance (m3)	Applicable Wholesale volumetric Rate	Number of Customers
AW001	Fixed Volume Allowance	24	0.9913	1
AW002	Fixed Volume Allowance	40	0.9913	2
AW003	Fixed Volume Allowance	56	0.9913	5
AW004	Fixed Volume Allowance	60	0.9913	8
AW005	Fixed Volume Allowance	64	0.9913	1
AW006	Fixed Volume Allowance	68	0.9913	3
AW007	Fixed Volume Allowance	70	0.9913	1
AW008	Fixed Volume Allowance	72	0.9913	3
AW009	Fixed Volume Allowance	76	0.9913	4
AW010	Fixed Volume Allowance	84	0.9913	1
AW011	Fixed Volume Allowance	88	0.9913	3
AW012	Fixed Volume Allowance	92	0.9913	2
AW013	Fixed Volume Allowance	94	0.9913	1
AW014	Fixed Volume Allowance	96	0.9365	1
AW015	Fixed Volume Allowance	96	0.9913	4
AW016	Fixed Volume Allowance	100	0.9913	2
AW017	Fixed Volume Allowance	101	0.9913	1
AW018	Fixed Volume Allowance	104	0.9913	1
AW019	Fixed Volume Allowance	108	0.9913	2
AW020	Fixed Volume Allowance	112	0.9913	1
AW021	Fixed Volume Allowance	120	0.9913	4
AW022	Fixed Volume Allowance	128	0.9913	2
AW023	Fixed Volume Allowance	132	0.9913	1
AW024	Fixed Volume Allowance	140	0.9913	2
AW025	Fixed Volume Allowance	141	0.9913	1
AW026	Fixed Volume Allowance	144	0.9913	3
AW027	Fixed Volume Allowance	146	0.9913	1
AW028	Fixed Volume Allowance	148	0.9913	1
AW029	Fixed Volume Allowance	152	0.9913	1
AW030	Fixed Volume Allowance	158	0.9913	1
AW031	Fixed Volume Allowance	160	0.9913	1
AW032	Fixed Volume Allowance	164	0.9913	2
AW033	Fixed Volume Allowance	176	0.9913	2
AW034	Fixed Volume Allowance	180	0.9913	2
AW035	Fixed Volume Allowance	184	0.9913	1
AW036	Fixed Volume Allowance	192	0.9913	1
AW037	Fixed Volume Allowance	196	0.9913	2
AW038	Fixed Volume Allowance	200	0.9913	2
AW039	Fixed Volume Allowance	208	0.9913	1
AW040	Fixed Volume Allowance	216	0.9913	1
AW041	Fixed Volume Allowance	220	0.9913	1
AW043	Fixed Volume Allowance	233	0.9913	1
AW044	Fixed Volume Allowance	236	0.9913	1
AW045	Fixed Volume Allowance	240	0.9913	1
AW046	Fixed Volume Allowance	244	0.9913	1
AW047	Fixed Volume Allowance	248	0.9913	1
AW048	Fixed Volume Allowance	250	0.9913	1
AW049	Fixed Volume Allowance	256	0.9913	2
AW050	Fixed Volume Allowance	264	0.9913	1
AW051	Fixed Volume Allowance	276	0.9913	1
AW052	Fixed Volume Allowance	288	0.9913	1
AW053	Fixed Volume Allowance	296	0.9913	1
AW054	Fixed Volume Allowance	328	0.9913	1
AW056	Fixed Volume Allowance	348	0.9913	1
AW057	Fixed Volume Allowance	350	0.9913	1
AW058	Fixed Volume Allowance	368	0.9913	2
AW059	Fixed Volume Allowance	372	0.9913	1
AW060	Fixed Volume Allowance	376	0.9913	1
AW061	Fixed Volume Allowance	392	0.9913	1
AW062	Fixed Volume Allowance	434	0.9913	1
AW063	Fixed Volume Allowance	436	0.9913	1
AW064	Fixed Volume Allowance	440	0.9913	1
AW065	Fixed Volume Allowance	444	0.9913	1
AW066	Fixed Volume Allowance	452	0.9913	1
AW067	Fixed Volume Allowance	500	0.9913	1
AW068	Fixed Volume Allowance	528	0.9913	2
AW069	Fixed Volume Allowance	544	0.9913	1
AW070	Fixed Volume Allowance	612	0.9913	2
AW071	Fixed Volume Allowance	660	0.9913	1
AW074	Fixed Volume Allowance	905	0.9913	1
AW075	Fixed Volume Allowance	956	0.9913	1
AW077	Fixed Volume Allowance	1164	0.9913	1
AW078	Fixed Volume Allowance	1364	0.9913	1
AW080	Fixed Volume Allowance	1816	0.9913	2
AW081	Fixed Volume Allowance	5508	0.9913	3
AW082	Fixed Volume Allowance	232	0.9913	1
AW083	Fixed Volume Allowance	344	0.9913	1
AW084	Fixed Volume Allowance	792	0.9913	1
AW085	Fixed Volume Allowance	836	0.9913	1
AW086	Fixed Volume Allowance	1088	0.9913	1
AW087	Fixed Volume Allowance	1536	0.9913	1
AW088	Percentage Volume Allowance	2%	0.9913	1

Indicative bulk charges for New Appointees and Variations (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 £/m³.

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 NAV charges for 2019-20:

	South Staffs Region (£/m3)	Cambridge Region (£/m3)
Standard wholesale tariff	£0.9913	£0.7997
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)
NAV bulk charge	£0.5913	£0.3997

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