



**ANGLIAN WATER SERVICES LIMITED**

**NAV BULK CHARGES SCHEDULE**

**2026/27**

## PUBLICATIONS

Version Number	Date	Amendment
v1	29/01/2026	Publication

# Contents

<b>CHAPTER I: INTRODUCTION</b>	<b>4</b>
1. Context	4
2. Bulk services from an incumbent water company to a NAV	4
3. Bulk charges	4
4. Aims of these NAV charging arrangements	4
5. Nature of these NAV charging arrangements	4
6. Relevant legal and regulatory consideration	4
<b>CHAPTER II: CHARGES FOR WATER SUPPLY &amp; SEWERAGE SERVICES</b>	<b>7</b>
1. Relevant Wholesale Charges	7
1.1. Use of water for firefighting purposes	7
1.2. Bulk Meter	7
1.3. Leakage Allowance	8
1.4. Surface Water	8
1.5. Highway Drainage	8
1.6. Standard On-Site Costs	8
1.7. Cost Drivers	10
1.8. Standard On-Site Costs	10
1.9. Site Specific Characteristics	10
1.10. 'Nested' Sites	11
2. Additional avoided WACC and Depreciation on on-site assets	11
3. Charges for NAV sites with bulk agreements based on offers made post 1 April 2020	13
4. Charges for NAV sites with bulk agreements entered into or based on offers made pre 1 April 2020	13
5. Process Summary	14
6. Reconciliation	14
7. Payment Terms	14
8. Value Added Tax (VAT)	14
9. Worked Examples	14
<b>CHAPTER III: CHARGES FOR NEW INFRASTRUCTURE</b>	<b>15</b>
1. Introduction	15
2. Definitions and Scope	15
2.1. "Site Specific" and "Network Reinforcement"	15
2.2. Capital Contributions to Site Specific Work	15
2.3. Infrastructure Charges fund Network Reinforcement	15
2.4. Activities to which this Policy is relevant	15

2.5. Governing Laws and Rules	16
3. Principles of these Charging Arrangements	16
4. Summary of Application of Charges for New Infrastructure	20
5. Date these arrangements comes into effect	20
6. Application	21
<b>CHAPTER IV: CHARGES FOR ADDITIONAL SERVICES</b>	<b>22</b>
1. Reports and Legal Agreements	22
2. Assistance Supplies	22
3. Design Work	22
4. Other Services	22
<b>COMMON TERMS</b>	<b>23</b>
<b>APPENDIX 1 - CHECKLIST OF AVOIDED COSTS</b>	<b>25</b>
<b>APPENDIX 2 - WORKED EXAMPLES</b>	<b>29</b>
<b>APPENDIX 3 - INFORMATION REQUIRED WHERE THERE IS A PUMPING STATION ON-SITE</b>	<b>32</b>
<b>APPENDIX 4 - LIST OF THE MINIMUM QUARTERLY INFORMATION NEEDED FOR BILLING</b>	<b>33</b>

## CHAPTER I: INTRODUCTION

### 1. Context

The New Appointment and Variation to Supply (NAV) regime in England and Wales provides a mechanism to facilitate new entry into the sector and to allow those water companies already present to expand into other geographic areas. The introduction of this form of competition is intended to challenge incumbent water companies, drive efficiencies and stimulate innovation. We support the development of markets where they deliver long term benefits to customers.

Under the existing legislation, Ofwat can appoint a new water company for a site (for water services, wastewater services or both), if one of three qualifying criteria is met:

- (i) unserved - the site is not connected to the water and/or sewerage infrastructure of the existing water company;
- (ii) consent - the existing water company consents to the application; or
- (iii) large user - the premises comprising the site use at least 50ML in any year (or 250ML for end-customers of Welsh water companies) and the customer consents.

### 2. Bulk services from an incumbent water company to a NAV

Typically, NAV water appointees will require a bulk supply of water from the network of the incumbent, and NAV sewerage appointees will usually require bulk sewerage services from the incumbent. The terms upon which these services are supplied will be set out in a “bulk agreement”, either a “bulk supply agreement” for water supply or a “bulk discharge agreement” for sewerage services.

### 3. Bulk charges

Bulk charges are a critical part of a bulk agreement. This is because bulk charges influence the on-going margin and, therefore, whether a NAV can compete to offer water and wastewater services to a site. From the incumbent’s point of view, they provide the basis upon which it recovers the costs of supplying the service.

### 4. Aims of these NAV charging arrangements

The aims of this document are to:

- (i) set out clearly how we will formulate our charges in the bulk supply agreement or bulk discharge agreement, setting clear expectations in varying circumstances;
- (ii) to provide transparency on the calculation of relevant charges for the charging year 2026/27; and
- (iii) thereby enable NAVs to formulate their own strategies as to where and how to compete in the market.

### 5. Nature of these NAV charging arrangements

The principles set out in these arrangements are incorporated by way of the charging clauses in the industry-standard bulk agreements applying from 1 April 2025 but note should be taken of the dynamic application of each year’s NAV charging arrangements.

### 6. Relevant legal and regulatory consideration

#### 6.1. Statutory basis

The Water Industry Act 1991 (WIA) sets out a framework for bulk water supplies in sections 40 and 40A of that Act. In essence, if a NAV has approached a water undertaker for a bulk supply and the two parties have been unable to reach an agreement, the NAV may apply to Ofwat to make an order setting out the rights and obligations of the parties to each other. In addition, even where an agreement has been reached, Ofwat is empowered to alter the

terms of that agreement, or even to terminate it. The WIA sets out various criteria for the exercise of these powers and a number of mandatory considerations. Sections 110A and 110B of the WIA work in a very similar way with respect to bulk sewerage services.

## 6.2. Competition Act 1998

Section 18 of the Competition Act 1998 prohibits any conduct on the part of one or more undertakings which amounts to the abuse of a dominant position in a market if it may affect trade within the United Kingdom. A particular form of abuse that can potentially arise in situations such as the NAV market is “margin squeeze”. Anglian Water takes this, and indeed all, legal duties seriously. Accordingly, the development of these charging arrangements set out in this document has been guided and informed at all stages by the paramount importance of complying with these duties as well as wider legal obligations.

## 6.3. NAV charging rules

Ofwat has a statutory power under section 40E of the WIA to issue rules about charges for the supply of water in bulk. It also has power under section 110F to issue rules about charges for bulk discharges. Ofwat published in November 2025 its [Rules for Bulk Charges for NAVs](#). These rules reinforce in a more specific way the principles set out in the Competition Act 1998 and are fully endorsed by Anglian Water.

## 6.4. Components of the Wholes Minus Methodology

The “minus” calculation methodology comprises the following elements:

Components of the Wholesale Minus Methodology	
Relevant Wholesale Tariffs (allowing for on-site leakage)	
	Minus
Avoided on-site ongoing costs including capital replacement	Minus
Avoided WACC	Minus
Avoided depreciation	Equals
Bulk supply charge	

In calculating the avoided on-site ongoing costs including capital replacement we have made reference to the list of relevant activities set out in Appendix 1, as formulated by the industry working group established by Ofwat, and which are grouped in Table 4 below.

#### **6.4.1. Avoided WACC**

The WACC used in calculating the minus relates to the reasonable return on the on-site assets both, where relevant to sites pre-dating 2020, relating to initial on-site investment that the incumbent would have taken into its RCV (see Chapter II section 3) and the minus relating to capital replacement.

The WACC from the price review is the rate at which incumbents are compensated for financing costs related to all their wholesale activities. We agree with Ofwat that it is pragmatic to use the wholesale WACC from the prevailing price control.

The WACC applied is 5.21%.

#### **6.4.2. Annuity calculation in relation to capital replacement costs**

The Charging Rules set out that charging structures must reflect the long-run costs of providing the relevant service. In relation to capital replacement costs avoided over the long term in not serving a site we have reflected these in the bulk supply charge by way of an annuity calculation. From the perspective of the NAV, this has the net effect of bringing forward or advancing the cash needed in the future to finance capital maintenance of the on-site assets.

As a consequence, for NAVs serving relatively new sites that initially require minimal capital replacement compared to more mature sites, there is a prospect of a build-up of the cash in the short-term that should be notionally earmarked to pay for future capital replacement in the longer term.

#### **6.4.3. Compliance with our obligations in setting NAV charges**

Our Bulk Supply Charges set out below are consistent with the approach set out above, the Charging Rules issued by Ofwat and the accounting treatment in the Annual Performance Report. All new bulk supply agreements will be based on this approach and existing ones where it is compliant with the contractual arrangements.

## CHAPTER II: CHARGES FOR WATER SUPPLY & SEWERAGE SERVICES

### 1. Relevant Wholesale Charges

The Relevant Wholesale Tariff is calculated by applying our relevant wholesale charges to the customer characteristics of the site supplied by the NAV. We will assume that all occupied, connected premises will be charged per our standard household tariff unless the NAV advises us as to the number of occupied NHH connections and their usage. We will then apply the relevant non-household tariff in relation to those premises and associated usage.

*Table 1* below summarises the 2026/27 wholesale tariffs.

We have set out those non-household tariffs we consider relevant to a mixed usage inset based on the inset awards experienced to date.

For our full non-household charges please see the link below to our Wholesale Charges Schedule:

#### Our charges

**Table 1 - Wholesale Charges**

	Household	Non- household (<0.5MI pa)	Non- household (0.5 to 10.0MI pa)
<b>Anglian Region</b>			
<b>Measured Water</b>			
Fixed charge (p.a.)	£10.10	£10.10	£100.00
Volumetric charge (per m <sup>3</sup> )	£2.9228	£2.6945	£2.5140
<b>Measured Sewerage</b>			
Fixed charge – foul water & highway drainage (p.a.)	£32.00	£32.00	£73.00
Volumetric charge (per m <sup>3</sup> )	£2.5471	£2.5471	£2.4551
Fixed charge – surface water drainage (p.a.)	£49.00	£49.00	£80.00
<b>Hartlepool Region</b>			
<b>Measured Water</b>			
Fixed charge (p.a.)	£10.10	£10.10	£10.10
Volumetric charge (per m <sup>3</sup> )	£1.5920	£1.5920	£1.5920

The standard non-household return to sewer allowance (RTS) is 95%. The above non-household charges have been grossed up so expressed on a consistent basis as household at 90% RTS.

#### 1.1. Use of water for firefighting purposes

No wholesale charge is made for the water taken for the purposes of extinguishing fires, training personnel or for testing firefighting equipment or apparatus pursuant to section 147(1) of the WIA.

#### 1.2. Bulk Meter

##### Water

The volume charge shall be calculated by multiplying the unit charge by the volume of water recorded by the bulk meter(s) supplying the site and where appropriate, volume data supplied by the NAV for non-households.

If for any reason a Meter reading for any period is not available an estimate of the volume supplied for that period will be made.

### **Sewerage**

Unless specifically metered the volume charge will be based on the volume of water recorded by the bulk meter(s) supplying the site minus the Standard Sewage Abatement.

#### **1.3. Leakage Allowance**

For all NAV sites a downward adjustment of **3.00%** will be applied to the volumetric charge to take account of leakage and other types of on-site network losses included in the bulk meter.

$$\text{NAV Volumetric Charge per m}^3 = \frac{VC}{(1 + LA)}$$

VC = "Relevant Wholesale Tariff" Volumetric Charge

LA = Leakage Allowance

This adjustment reflects the average volume of water that would have leaked from the equivalent network beyond the bulk meter, had we been operating the network instead of a NAV.

Leakage from water distribution networks is a function of a wide range of factors, including pipe size and material, age, the type of methods used for connections, soil type, topography, the influence of third party activity, network pressure, and so forth. We assume that the leakage on the hypothetical network that AWS would have operated would have been at the same rate, per km, as the rest of the company's distribution mains less a driver adjustment to reflect:

- (i) the varying leakage levels of smaller and larger diameter mains; and
- (ii) technological advances that NAVs can take advantage of when laying new development mains.

This has been benchmarked against other water company estimates and data reported by NAVs in their Annual Performance Report.

#### **1.4. Surface Water**

Surface water drainage charges apply where properties on a site discharge to our public sewer, either directly or indirectly.

#### **1.5. Highway Drainage**

For the avoidance of doubt, highway drainage charges are payable where a foul water and/or surface water drainage wholesale service is provided.

We consider the correct approach to highway drainage cost recovery is to levy a fixed charge on all sewerage customers as the charge does not relate to the drainage outside a specific property or of a specific area, it relates to all highways and public spaces which are accessible to customers. Where a NAV provides a local highway drainage service a 'minus' for the avoided costs will apply. See *table 4*.

### **Ongoing On-Site Costs Including Future Capital Replacement**

#### **1.6. Standard On-Site Costs**

Ongoing on-site costs are categorised as:

- (i) operating expenditures on manpower (including hired and contracted services), transport and materials required to operate and monitor the network on the NAV site including an allocation of indirect costs to cover overheads and the provision of emergency support; and
- (ii) infrastructure renewals expensed in year; and

(iii) the depreciation and return on the capital expenditure for the replacement of on-site assets over time, including mains and associated fixtures such as valves, communication pipes, sewers and meters, and management and general assets.

The avoided costs are based on an average of the last three years of audited data contained in the Annual Performance Report (see *table 2* below for specific mapping references to the APR) as follows:

- (i) direct costs, an Activity-Based Costing (ABC) methodology which identifies the typical materials and labour costs of the avoided activities; and
- (ii) indirect costs calculated on the basis of the respective average length of network required to serve each premises per service.

**Table 2 – Mapping Definitions of Standard On-Site Avoided Costs to APR**

	Data Source Mapping	
	Water	Sewerage
Mains/Sewers: Repair, Replacement & Maintenance	4J.4 Renewals expensed in year (infrastructure); 4J.6 Other operating expenditure (an ABC analysis of direct costs (employment, HCS etc.)); 4J.7 Local authority rates; 4J.11 Traffic Management; 4J.15 Maintaining the long term capability of the assets – infra; 4J.16 Maintaining the long term capability of the assets – non infra.	4K.4 Renewals expensed in year (infrastructure); 4K.6 Other operating expenditure (an ABC analysis of direct costs (employment, HCS etc.)); 4K.7 Local authority rates; 4K.11 Traffic Management; 4K.15 Maintaining the long term capability of the assets – infra; 4K.16 Maintaining the long term capability of the assets – non infra.
Emergency/Risk Management & Monitoring		
Meter & Meter Box: Repair, Replacement & Maintenance		
Regulatory Compliance & Quality	4J.6 Other operating expenditure (an ABC analysis of Scientific Services).  Only includes Regulation that is relevant to direct activity. All indirect regulation costs are included in G&S	4K.6 Other operating expenditure (an ABC analysis of Scientific Services).  Only includes Regulation that is relevant to direct activity. All indirect regulation costs are included in G&S
General & Support	4J.6 Other operating expenditure (G&S)	4K.6 Other operating expenditure (G&S)
Other	Other activities not included in above	Other activities not included in above

This is repriced to 2026/27 prices and makes reference to the list of relevant activities formulated by the industry working group established by Ofwat.

See Appendix 1.

## 1.7. Cost Drivers

In calculating the ongoing on-site costs the following cost drivers were used.

**Table 3 – Cost Drivers Used**

	Mains/sewer length	Number of connections	Number of meters
Mains/Sewers: Repair, Replacement & Maintenance	✓	✓	✗
Emergency/Risk Management & Monitoring	✓	✗	✗
Meter & Meter Box: Repair, Replacement & Maintenance	✗	✓	✓
Regulatory Compliance & Quality	✓	✗	✗
General & Support and Other	✓	✗	✗
Driver per connection	10m of water main 7m of sewer	1 connection	1 meter

## 1.8. Standard On-Site Costs

The standard ongoing on-site costs that we as the incumbent will not have incurred given a NAV supplies the new development and so are to be deducted per occupied connected premises, are summarised in the following table:

**Table 4 - Standard On-Site Avoided Costs**

	Water	Foul Water	Highway Drainage	Surface Water Drainage	Total Wastewater
Mains/Sewers: Repair, Replacement & Maintenance	£20.50	£12.97	£3.97	£9.67	£26.61
Emergency/Risk Management & Monitoring	£5.27	£1.03	£0.23	£0.64	£1.90
Meter & Meter Box: Repair, Replacement & Maintenance	£14.35	£0.00	£0.00	£0.00	£0.00
Regulatory Compliance & Quality	£0.98	£0.07	£0.02	£0.05	£0.14
General & Support	£8.15	£2.33	£0.83	£0.99	£4.15
Other	£0.00	£0.00	£0.00	£0.00	£0.00
<b>On-site costs to be deducted per property (OC)</b>	<b>£49.25</b>	<b>£16.40</b>	<b>£5.05</b>	<b>£11.35</b>	<b>£32.80</b>
		<b>£21.45</b>			

## 1.9. Site Specific Characteristics

The standard values are based on a typical site served by Anglian Water. Where a NAV presents appropriate evidence that there are significant variations to the characteristics of, or service required, at a site that materially impact on the costs to serve the site, additional allowances will be calculated to reflect these features on a site-specific basis.

### 1.9.1 Environmental Benefits

Where a NAV presents appropriate evidence that the site service characteristics are such that significant environmental benefit is derived and that this contributes to further material “upstream” avoided cost we will discuss how this should be reflected in bulk charges. Such characteristics would have to be ones that are not already provided for by our Environmental Incentives Scheme, detailed in paragraph 3.10 of Chapter III of these NAV Charging Arrangements.

### 1.9.2 Pumping Stations

Where there is an on-site sewerage pumping station that would otherwise have been adopted by Anglian Water but has been adopted by the NAV, an additional element will be applied to the minus for on-going onsite costs including capital replacement. This requires the asset to be sufficiently maintained to meet the adoption standards on an on-going basis. The minus is based on the cost per kW of the pumping station which we consider to be the most appropriate cost driver. The minus is calculated using our asset investment planning tool.

We would expect any pumping stations to be adopted in accordance with published Design & Construction Guidance (DCG) which was introduced on 1st April 2020 in the Sewer Sector Guidance (SSG) and is now mandatory across the industry. We strongly encourage NAVs to contact us to engage on proposals and designs for an on-site sewerage pumping station for their development.

**Table 5 – Pumping Stations Avoided Costs**

	Cost per kW
Wastewater – avoided costs	£562

See Appendix 3 for the minimum information required for the assessment process.

### 1.9.3 Guaranteed Standards Scheme (GSS)

An allowance is made in the ‘minus’ for downstream GSS payments related to service failure within the inset.

Where a NAV believes GSS payments are to be paid as a result of an upstream incumbent failure, they should contact their Account Manager to process a claim for this.

### 1.10. ‘Nested’ Sites

Where a new appointment is made by Ofwat for water and/or sewerage services that need to be accessed via an existing Anglian Water inset (“a nested site”), then unless unreasonable to do so a separate connection to the original incumbent should be installed.

Where the connection to an original incumbent uses our assets at an existing Anglian Water inset the Wholesale Charges and NAV charging arrangements of the original incumbent will apply together with an allowance for the operational and maintenance costs of our asset.

## 2. Additional avoided WACC and Depreciation on on-site assets

The avoided WACC on the initial up-front investment in a site is dependent on the impact it would have had on the incumbent’s RCV.

Under the RCV methodology used by Ofwat for setting price controls, in the hypothetical counter-factual situation in which an inset is not awarded, the increment to RCV is equal to “net capital expenditure” for the site in question, which in turn is equal to the gross capital expenditure for the site less the capital contributions made by developers. This means that where an asset that is fully funded by a developer is adopted by an undertaker it has no impact on the RCV, because the gross capital expenditure is fully offset by the capital contribution.

Where there is an impact on the value of the RCV this will reflect the value of the “income offset” (if there is one) which will be different from one site to another, meaning that this part of the NAV tariff cannot be common to all NAVs or sites.

For Bulk Agreements based on offers made after 1 April 2020, there is no income offset in the counter-factual situation, as developers are responsible for funding all upfront on-site investment for both the water and wastewater services.

For Bulk Agreements based on offers made between April 2018 and March 2020, the calculation of the hypothetical RCV will reflect the discount given to the NAV on the water infrastructure charge for properties connected on the site (for further details see Chapter III, section 3.4).

Otherwise, for relevant sites, a case-by-case approach will be undertaken for the purposes of calculating the site-specific “minus” for each site, including local authority rates.

The process can be summarised as follows:

- (i) NAVs provide information on property numbers for each year of the first 12 years of operation of the site, together with averages for billed volumes (household and non-household);
- (ii) We calculate what the income offset would have been at the time had we served the site, in order to calculate the initial RCV;
- (iii)
  - (a) We calculate for each asset category of the RCV the depreciation, on an annual basis, based on average life of the asset; or
  - (b) NAVs (as relevant) provide details of actual properties connected on the site in order to calculate the discount received on water infrastructure charges (if any);
- (iv) We calculate the Return by applying the WACC methodology detailed by Ofwat to the net RCV, including the appropriate allocation of local authority rates; and
- (v) The depreciation and return are expressed as a ‘minus’ against the wholesale revenue.

### 3. Charges for NAV sites with bulk agreements based on offers made post 1 April 2020

The deductions and subsequent charges are summarised in the following table:

**Table 6 – Post 1 April 2020 Agreements**

Water Supply NAV Tariff – Anglian Region	Household	Non- household (<0.5MI pa)	Non- household (0.5 to 10.0MI pa)
Wholesale Fixed Charge per property	£10.10	£10.10	£100.00
Ongoing on-site costs per property	-£49.25	-£49.25	-£49.25
<b>NAV Fixed Charge per property</b>	<b>-£39.15</b>	<b>-£39.15</b>	<b>£50.75</b>
Wholesale Volumetric Charge per m <sup>3</sup>	£2.9228	£2.6945	£2.5140
Leakage Allowance		3.0%	
<b>NAV Volumetric Charge per m<sup>3</sup></b>	<b>£2.8377</b>	<b>£2.6160</b>	<b>£2.4408</b>
Foul Water & Highway Drainage NAV Tariff – Anglian Region	Household	Non- household (<0.5MI pa)	Non- household (0.5 to 10.0MI pa)
Wholesale Fixed Charge per property	£32.00	£32.00	£73.00
Ongoing on-site costs per property	-£21.45	-£21.45	-£21.45
<b>NAV Fixed Charge per property</b>	<b>£10.55</b>	<b>£10.55</b>	<b>£51.55</b>
Wholesale Volumetric Charge per m <sup>3</sup>	£2.5471	£2.5471	£2.4551
Leakage Allowance		3.0%	
<b>NAV Volumetric Charge per m<sup>3</sup></b>	<b>£2.4729</b>	<b>£2.4729</b>	<b>£2.3836</b>
Surface Water Drainage NAV Tariff – Anglian Region	Household	Non- household (<0.5MI pa)	Non- household (0.5 to 10.0MI pa)
Wholesale Fixed Charge per property	£49.00	£49.00	£80.00
Ongoing on-site costs per property	-£11.35	-£11.35	-£11.35
<b>NAV Fixed Charge per property</b>	<b>£37.65</b>	<b>£37.65</b>	<b>£68.65</b>
Water Supply NAV Tariff – Hartlepool Region	Household	Non- household (<0.5MI pa)	Non- household (0.5 to 10.0MI pa)
Wholesale Fixed Charge per property	£10.10	£10.10	£10.10
Ongoing on-site costs per property	-£49.25	-£49.25	-£49.25
<b>NAV Fixed Charge per property</b>	<b>-£39.15</b>	<b>-£39.15</b>	<b>-£39.15</b>
Wholesale Volumetric Charge per m <sup>3</sup>	£1.5920	£1.5920	£1.5920
Leakage Allowance		3.0%	
<b>NAV Volumetric Charge per m<sup>3</sup></b>	<b>£1.5456</b>	<b>£1.5456</b>	<b>£1.5456</b>

For further information and examples on how the charge will be calculated please see Appendix 2.

### 4. Charges for NAV sites with bulk agreements entered into or based on offers made pre 1 April 2020

For offers made pre 1 April 2020 there is an additional deduction to those summarised in table 4. This deduction, which covers the avoided WACC and Depreciation on on-site assets for upfront investment, is calculated on a site-specific basis.

## 5. Process Summary

Bills will be calculated in arrears, using:

- (i) the Wholesale Tariffs (see table 1) less the avoided costs per occupied, connected property (see table 4); and
- (ii) Quarterly information provided by the NAV on:
  - (a) the actual number of occupied connected households and non-households within the area; and
  - (b) where appropriate, any non-household consumption within the area; and
- (iii) meter readings from the bulk water meter, or in their absence, forecast meter readings. Sewerage Services will be based on either the volume of water supplied less the standard sewage abatement of 10% (as grossed-up for non-household connections) or, where appropriate, a Bulk Sewage Discharge meter.

See Appendix 4 for the minimum, quarterly, information required.

For the avoidance of doubt, we will only commence billing a site from the date there is an occupied connected property and positive consumption on the bulk meter. Connected properties will be billed from the date they first become occupied.

All consumption that applies before the first property is occupied will be treated as building supplies and included in the first bill.

## 6. Reconciliation

No automatic true up at the end of the Charging Year will be applied. However, either party can require a retrospective true-up after the end of the Charging Year where forecast data has been used during the year.

## 7. Payment Terms

Charges are payable in full within 14 days of receipt of the invoice.

## 8. Value Added Tax (VAT)

All Charges are subject to the addition of Value Added Tax where this is payable under the relevant legislation.

## 9. Worked Examples

NAVs may find it useful to explore how these principles might be applied to typical scenarios. In accordance with rule 25 of [Ofwat's Rules for Bulk Charges for NAVs](#), worked examples of charges in several common scenarios are set out in Appendix 2 below.

## CHAPTER III: CHARGES FOR NEW INFRASTRUCTURE

### 1. Introduction

When a NAV is seeking a new appointment, it will be planning to construct new infrastructure within the new appointment area. To facilitate such a supply or such sewerage services, new infrastructure linking the new appointment area to the incumbents existing network may also be required, and sometimes this infrastructure can be substantial. This section of our NAV charging arrangements relates to:

- (i) the capital contribution that new appointees must make in respect of that infrastructure; and
- (ii) how infrastructure charges will be dealt with.

### 2. Definitions and Scope

#### 2.1. “Site Specific” and “Network Reinforcement”

In these charging arrangements, we use the same definitions of “site-specific” and “network reinforcement” that we use in our [Developer Charging Arrangements](#). Consequently:

- (i) “site specific” work means work undertaken beyond our existing network, which means downstream of the point of connection on our water network or upstream of the point of connection on our sewerage network; and
- (ii) “network reinforcement” means work undertaken to our existing network, which means upstream of the point of connection on our water network or downstream of the point of connection on our sewerage network.

#### 2.2. Capital Contributions to Site Specific Work

A capital contribution is payable where capital costs are incurred in carrying out site-specific work for the purposes of providing new or additional water supply and/or water recycling services. It is not payable in respect of network reinforcement.

#### 2.3. Infrastructure Charges fund Network Reinforcement

The cost of Network Reinforcement specific to the actual bulk supply or bulk sewerage service in question is not charged directly as such to the NAV. Instead, the costs of all Network Reinforcement overall in the Anglian Water region (whether to support NAV services or developer services) are funded (i) in the case of our services to our own developer customers via the Infrastructure Charge, and (ii) in the case of our services to NAVs, via an equivalent charge, under the bulk agreement. The charge is payable by the developer each time a property is connected to our network, and by the NAV each time a property is connected to its network.

#### 2.4. Activities to which this Policy is relevant

Table 7 highlights the activities for which this Policy is relevant, together with the sections of the [Water Industry Act \(WIA\)](#) that set out our duties in respect of each activity.

Table 7

Applicant	Purpose of Infrastructure	Properties to be served	WIA section
NAV	Domestic water supply	Household	40, 40A
NAV	Domestic water supply	Non-household	40, 40A
NAV	Non-domestic water supply	Non-household	40, 40A
NAV	Domestic discharge	Household	110A, 110B
NAV	Domestic discharge	Non-household	110A, 110B
NAV	Non-domestic discharge	Non-household	110A, 110B

## 2.5. Governing Laws and Rules

Ofwat has set out rules governing how undertakers may charge their own developer customers for requisitions made under sections 41 (water infrastructure for domestic purposes) and 98 (sewerage infrastructure for domestic purposes) of the WIA. However, Ofwat's power to create charging rules applicable to the creation of NAV infrastructure by an undertaker (as opposed to supplies of water and sewerage services) is not entirely clear from the underlying legislation.

Condition E1 of our [Instrument of Appointment](#), a condition that was introduced in November 2018, requires that Anglian Water does "not show undue preference towards (including towards itself), or undue discrimination against, any person in the doing of such things as relate to the provision by itself or by other relevant undertakers of:

- the laying of lateral drains, service pipes, sewers and/or water mains that are intended to be connected to [Anglian Water's] supply system or its sewerage system; or
- the provision of supplies of water or, as the case may be, sewerage services to premises by a relevant undertaker..."

Section 18 of the Competition Act 1998 prohibits undertakings from abusing a dominant position in a market in order to distort competition. It is clear law that section 18 is engaged even if the dominant position and the distortion of competition occur in different markets.

In view of Condition E1 of our Instrument of Appointment and section 18 of the Competition Act 1998, it is therefore important that we do not apply charges for infrastructure in a way that either unduly subsidises or unduly penalises a potential NAV, particularly in comparison to our developer charges, because any given developer will compare the two when deciding whether or not to ask a NAV to serve its development.

## 3. Principles of these Charging Arrangements

### 3.1. No Discount Applied to Charges Based on Site-Specific Costs

In line with our [Developer Charging Arrangements](#) (which must in turn comply with Ofwat's rules), a discount is no longer given against charges based on the cost of constructing the new infrastructure for domestic purposes (whether water supply or sewerage). Hence, developer requisition charges are based on 100% of the construction cost, there are no longer asset payments to self-lay operators, and therefore also no equivalent discount or asset payment for NAVs. So:

- (i) for requests by NAVs for site-specific work by way of the provision by Anglian Water of new water mains or public sewers, whether for domestic or non-domestic purposes between the current network and the boundary of the NAV's appointed area (including the new connection itself), we will levy a charge equal to 100% of the actual cost of the site-specific work;
- (ii) if the NAV wishes to construct such infrastructure itself and offer it for adoption by Anglian Water, we will make no asset payment for that site-specific work; and.
- (iii) if the NAV wishes to construct such infrastructure itself to remain vested in it, we will make no asset payment for that site-specific work, although as site-specific work created by the NAV, it will be considered in the same way as on-site work and used in the calculations set out in Chapter II.

### 3.2. Meaning of "construction cost" in this paragraph 3

Where a developer chooses Anglian Water to provide services, rather than a NAV, its charges are determined in accordance with our [Developer Charging Arrangements](#). For new infrastructure, such as the provision of new water mains, and new public sewers, our charges are based on the construction cost, as can be seen from Parts 3 and 4 of those arrangements. In the interests of equivalence, where a NAV asks Anglian Water to provide site-specific infrastructure we will apply the provisions in those Parts to charging of the NAV.

Where we have a published “fixed charge” (as elaborated in those arrangements), we will apply them to a NAV application in the same way as we apply them to developers, including the way exceptions are administered. We will also provide an estimate of our charges as we do for developers and reconcile the figures once all quantities and costs are known.

In accordance with Ofwat guidance, we will not charge for bulk meters or any other part of the connection work that would not have been required if Anglian Water had been chosen to serve the NAV’s area.

### **3.3. Network Reinforcement and the Infrastructure Charge**

Developer charging rules prohibit the costs of network reinforcement being added to charges for requisitions for domestic purposes. Instead, these are socialised into our infrastructure charge, details of which can be found in Part 6 of our [Developer Charging Arrangements](#).

We will apply the principles of charging for network reinforcement in exactly the same way, whether the application is by a developer under sections 41 or 98, by a developer with its retailer under section 66A or 117B, or by a NAV under sections 40/40A or 110A/110B of the WIA and whether the water main or sewer is constructed in order to provide a service for domestic or non-domestic purposes. The NAV is required to pay the equivalent of the infrastructure charge each time premises are connected.

### **3.4. The Discount to the Infrastructure Charge**

In its November 2017 “[Decision Document](#)”, Ofwat noted that the position of the NAV is not the same as that of a developer in respect of the infrastructure it may construct within the new appointment area or development. Whereas the developer was then entitled to a discount on requisition charges and a self-lay operator to an asset payment (in each case based on the old statutory income-offset), a NAV was entitled to neither. Ofwat then altered charging rules in its [decision document](#) of July 2019, to ensure water companies applied a discount to infrastructure charges that the developer must pay, but not to charges based on the creation of new water mains or public sewers. In 2023, Ofwat altered charging rules once again, to rule out any discounts based on the old statutory income-offset with effect from 1 April 2025 and strongly advised companies not to enter into any new commitments to make such a discount with immediate effect.

Because our general policy is one of equivalent behaviour between Anglian Water and NAV sites, we therefore no longer apply a discount on any NAV charges derived from the infrastructure charge.

Where there are historic water infrastructure charge discounts to be accounted for, which may exceed the water infrastructure charge itself, the resultant credit will not be given as a payment by Anglian Water but rather set against any concomitant sewerage infrastructure charge. Where Anglian Water serves developments, developers can set any unextinguished credit against connection charges; because NAVs pay no connection charges to Anglian Water, and because there is an ongoing relationship between Anglian Water and the NAV, we will instead set any credit unextinguished by sewerage infrastructure charges on the same site against any non-primary charge due from that NAV to us over the following six years on this or any other site. This could include infrastructure charges due to us from any other site, offsite site-specific work or bulk mains connections we complete for the NAV.

### **3.5. New Infrastructure Created for Both Domestic and Non-domestic Purposes**

Where capital costs are incurred in providing a new water main or public sewer to be used for both domestic and non-domestic purposes, the principles in this section apply.

Charging rules concerning network reinforcement and the discount do not apply so far as the water is to be used – or the sewage generated – by an industrial process. It has therefore always been the case that charges for infrastructure built for non-domestic purposes are based on the entire cost of the infrastructure, whether that is site-specific or network reinforcement, and without an income-offset discount. To calculate the charges applicable to a water main or public sewer, we will simply calculate the proportion of its design is attributable to use for non-

domestic purposes. We do this by applying standardised peak flow assumptions for each household unit that will be served by the infrastructure; for commercial domestic use, we may use the infrastructure charge relevant multiplier to make the calculation. That domestic use peak flow is then deducted from the peak flow that the infrastructure provides, in order to give the non-domestic proportion. That non-domestic proportion is then applied to the overall cost of network reinforcement to calculate the charge. Further details can be seen in our capital contributions policy in respect of infrastructure for non-domestic purposes.

*Example:*

- A development is planned to comprise of factories, houses and shops;
- The developer wishes the development to be served by a NAV;
- A new water main and sewer is required to link Anglian Water's existing water and sewerage networks to the NAV's on-site network;
- The linking water main will cost £500,000 and the linking sewer will cost £400,000;
- Network reinforcement upstream of the linking water main will cost £200,000; network reinforcement downstream of the linking sewer will cost £100,000.
- On a peak flow calculation, 60% of the water main's design capacity will be attributable to the houses and shops, and the staff washrooms in the factories, such that 40% will be attributable to the factories' industrial processes; for the sewer, the split is 50% domestic and 50% industrial processes.
- The NAV requests Anglian Water to lay both pipes, to remain part of Anglian Water's network

Charges in respect of the new linking water main

Site-specific element (domestic and non-domestic): 100% of costs, being £500,000

Network reinforcement element – domestic: zero – each factory, house and shop will, when connected, attract the standard infrastructure charge, with the relevant multiplier applied to the charge applicable to the factories and shops based on domestic water fittings in each.

Network reinforcement element – non-domestic: £80,000 (being 40% of overall network reinforcement costs of £200,000).

Charges in respect of the new linking public sewer

Site-specific element: 100% of costs, being £400,000

Network reinforcement element – domestic: zero – each factory, house and shop will, when connected, attract the standard infrastructure charge, with the relevant multiplier applied to the charge applicable to the factories and shops based on domestic water fittings in each.

Network reinforcement element – non-domestic: £50,000 (being 50% of overall network reinforcement costs of £100,000).

**Overall charge: £1,030,000 plus infrastructure charges**

(Overall cost: £1,200,000)

There will be no upper or lower threshold to application of this principle. Consequently, even if only one property (or all but one property) among those to be supplied via the main is using water for non-domestic purposes, the principle in this paragraph will still be applied.

The principle in this paragraph will be applied regardless of whether the application is by a developer under sections 41 and 55, by a developer with its retailer under section 66A, or by a NAV under section 40A of the WIA.

### **3.6. Maintaining headroom when providing infrastructure for non-domestic purposes**

When we design and cost the infrastructure that must be provided to make supplies of water or sewerage services for non-domestic purposes, including network reinforcement for those purposes, we will do so in a manner that preserves any existing headroom or capacity to supply water or provide sewerage services for domestic purposes. This will be reflected in the NAV's charges. There is one exception to this principle, which is that our design (and therefore the charges) will be mitigated to the extent that any available headroom has no reasonable prospect of being taken up for domestic purposes within the following 12 years.

### **3.7. Supporting greater capacity than that required by the primary customer**

Where it is appropriate to do so, we may decide to provide additional capacity beyond that required by the applicant (whether developer or NAV) in anticipation of demand from future developments. In such circumstances it would be unreasonable to request a capital contribution for the entire scheme from that applicant.

In this case we will apportion the cost of the infrastructure in accordance with the capacity provided to the applicant.

Our position on attributing the costs of that extra capacity to subsequent developers or NAVs that use it has changed. We no longer charge requisitioning developers on an individual scheme basis for capacity provided in water mains or sewers requisitioned in the previous 12 years (under sections 43(4)(b) or 100(4)(b) of the WIA): this charge is “socialised” within our infrastructure charge. The same charge will be made to any NAV seeking a bulk supply for domestic purposes in the same way.

### **3.8. Connection points**

The charging basis for new water mains and sewers between the appointment area and our network assumes a connection point that is the nearest water main or sewer (as appropriate) on our network to the desired point of delivery, whose diameter is no less than the new water main or sewer.

However, there are two further principles in relation to connection points that must be taken into account:

- (i) The diameter of the new main for this purpose must be sized appropriately for a main supplying the *whole* of the development it might reasonably be expected to serve.
- (ii) Any points of connection that we have identified as impractical in any pre-planning advice we have given in respect of the development must be discounted. Lack of capacity in the existing network or water treatment works is not considered to fall within the definition of “impractical” for these purposes unless there is a potential connection point on a different water main that is equally close to the boundary of the development expected to be served.

NAVs should note that this policy is entirely independent from our “Sustainable Point of Connection” policy, which is how we respond to planning applications. That policy will be applied in the same way whether the promoter of a new development site has shown an interest in a NAV appointment or not.

### **3.9. Alternative connection points and phasing**

Occasionally, we may select a different point on our network. If we lay the new water main or sewer, the NAV's contribution will not change; if the NAV lays it, we will pay the reasonable marginal costs. Occasionally, either we or the NAV may seek to install more than one connection between the new appointment area and the existing network in order to accommodate accelerated phases of development, or to accommodate network reinforcement works necessary to avoid supply deficiencies or flooding risks. This may, or may not, involve the installation and subsequent disconnection of a temporary supply or discharge point. If these works are undertaken at the NAV's request, the NAV will be charged in accordance with the principles set out in paragraph 3.1; but if these works are undertaken at our option, we will bear the costs of the additional work in accordance with the foregoing paragraph.

Likewise, if the NAV selects a different point of connection (for example to satisfy a planning condition), then the

NAV charges will be calculated to reflect the additional charging elements arising from doing so.

### 3.10. The Environmental Incentives Scheme

Part 7 of our [Developer Charging Arrangements](#) sets out Anglian Water's Environmental Incentives Scheme, which provides a means of offsetting some of our charges if certain conditions are met with respect to the development in question. There is a Water Environmental Incentive aimed to reward developers whose house designs achieve a notional consumption of 90 litres per person per day or incorporate a grey-water recycling or rainwater harvesting system; and there is a Sewerage Environment Incentive for designing a development such that it deals with surface water in one or more of a number of ways not involving direct discharge into a public sewer.

We will make these incentives available to NAVs in the same way as they are available to Anglian Water's developer customers. NAVs should note that there are stringent qualification criteria, including information provision and programmes of site audit and site inspection. To qualify for the incentive payments, NAVs will be required to make appropriate arrangements with the developer for our conditions to be met.

## 4. Summary of Application of Charges for New Infrastructure

Without prejudice to any of the principles set out elsewhere in these Charging Arrangements, NAV charges for new infrastructure in typical arrangements are set out below.

**Table 8 - Charges for New Infrastructure**

Charges for the construction of a new water main or new public sewer	Anglian region	Hartlepool region
Anglian Water constructs the infrastructure	100% of the cost	
The NAV constructs the infrastructure whether or not for adoption by Anglian Water	No asset payment	
<b>Pass-through of water &amp; sewerage infrastructure charges (household) per property</b>		
Water charge to NAV	£502	£293
Water recycling charge to NAV	£600	n/a
Combined water and sewerage charge to NAV	<b>£1,102</b>	n/a
<b>Pass-through of all infrastructure charges (non-household) per property</b>		
Apply Relevant Multiplier to appropriate household net charge		

## 5. Date these arrangements comes into effect

These charging arrangements come into effect in full on the date of publication, although:

- (i) the developer charging principles that:
  - charges for infrastructure built to accommodate a particular development must be limited to site-specific charges; and
  - network reinforcement costs are socialised into infrastructure charges; have been reflected in our NAV charges since April 2018; and
- (ii) the developer charging principle that the “income-offset” discount should be applied to infrastructure charges rather than requisition charges or asset payments had been reflected in our NAV charges (with the exception of a cash payment in lieu of part of the discount in some circumstances) from May 2018, up until Ofwat’s 2023 changes. Ofwat has strongly advised companies not to enter into any new agreements committing to include income-offset and our current approach reflects this. Even if a bulk

agreement precedes September 2023, no discount will be given on connections made from and including September 2023, even if they are contemplated by that earlier agreement

Part 8c of our [Developer Charging Arrangements](#) sets out transitional provisions that apply to developers seeking new infrastructure. We will apply these in the same way, whether the application is by a developer under sections 41 or 98, by a developer with its retailer under section 66AA or 117B, or by a NAV under section 40A or 110 of the WIA and whether the water main or sewer is constructed in order to provide a service for domestic or non-domestic purposes. We recognise that the period of engagement on the matter of infrastructure creation and connection, between the developer and the NAV, and between the NAV and Anglian Water, can be a long one which may fall within two or more charging rule regimes.

## 6. Application

These charging arrangements, along with Ofwat's charging rules for new developments and our charges regime, will guide our approach to collecting contributions for capital infrastructure as a result of additional demand. Setting out our principles in - and consistently applying – these arrangements will ensure that we treat all of those to whom we provide a service fairly, transparently and equivalently.

## CHAPTER IV: CHARGES FOR ADDITIONAL SERVICES

### 1. Reports and Legal Agreements

There are a number of activities of this type that we undertake in the same or an equivalent way, whether at the request of a developer or a NAV. We raise the same charge in respect of those activities for either category of customer.

Application type			Quantity	Charge
Pre-planning Reports	Water	Water (Modelled)	Per item	£421
	Sewerage	Foul Tier 1 (Feasibility)	Per item	£320
		Foul Tier 2 (Detailed Desktop Assessment)	Per item	£960
		Surface Water (Detailed Desktop Assessment)	Per item	£960
Bulk Agreements	Bulk Supply Agreement (Water)		Per item	£311
	Bulk Discharge Agreement (Sewerage)		Per item	£311
	Bulk Amendments		Per hour	£151
Served Status Reports	Served Status Report		Per item	£116
	Served Status Amendments		Per item	£116
Connection Planning and Third Party Facilitation			At cost	
Additional Services	Further Enquiries/ Developer Coordination		Per hour	£107
	Additional Modelling		At cost	
	Flow Modelling		At cost	
	Site Visits/ Asset Surveys		At cost	

### 2. Assistance Supplies

Anglian Water's policy is to charge the NAV in accordance with the cost to Anglian Water in providing such services. The NAV can at any time discuss the type of services that it may require, and, providing sufficient information is provided, we can give an estimate of the costs involved.

### 3. Design Work

The bulk agreements provide both for design of the connection works, and (if there are any) design of the off-site infrastructure between the existing network and the Supply Point or Discharge Point, to be undertaken by Anglian Water, if the parties agree. Our charges for either type of design work is 10% of the estimated construction cost, subject to a minimum as detailed in the Developer Charging Arrangements.

### 4. Other Services

There may be other services that Anglian Water makes available to developers, which the NAV may seek from Anglian Water. Unless set out otherwise in any agreement to provide such services, Anglian Water will charge the NAV the same as it charges developers, whether under its [Developer Charging Arrangements](#), or otherwise.

## COMMON TERMS

Avoided Costs	<p>Those costs that the Incumbent does not incur because it does not serve the Site and there is a Bulk Services Agreement in place. The costs avoided in relation to a particular Site shall be determined by calculating appropriate shares of different cost categories of all costs that would be avoided in the long run if the Incumbent did not serve any Sites and include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Ongoing Costs,</li> <li>• An adjustment for Leakage,</li> <li>• Renewal and Replacement Costs of On-site Assets; and</li> <li>• An appropriate share of Central Costs.</li> </ul>
Bulk Charges	Are charges payable for Bulk Supplies (supplies to which section 40 of the Water Industry Act 1991 applies further to s 40(1) and (2) of that Act) or Bulk Discharge Services (from main connections, as defined in sections 110A(1) and (2) of the Water Industry Act 1991) in any Charging Year, in accordance with a Bulk Services Agreement.
Bulk Charges Schedule	means a document setting out the charges and information related to the charges applied by the Incumbent in accordance with the present rules in any Charging Year
Bulk Services Agreement	May be a: <ul style="list-style-type: none"> <li>• Bulk Supply Agreement; or</li> <li>• Bulk Discharge Agreement, which is a "main connection agreement" as defined in section 110A (11) of the Water Industry Act 1991, being an agreement to permit a main connection into a sewerage system. These are agreements to buy sewage disposal services and may also include the purchase of other ancillary services; or</li> <li>• Combination of these two agreements setting out the terms and conditions for the bulk supply</li> </ul>
Central Costs	Also referred to as Indirect Costs, are overheads and other centrally incurred costs associated with the operation of the business of the Incumbent. Examples of these types of costs include costs associated with HR, Finance, office space and IT systems
Charging Year	Is the period 1 April in any year to 31 March the following year
CTWEBC	Is the document "Common Terms and Worked Examples – Bulk Charges" published by Ofwat
Fixed Charges	Means charges which are fixed in amount or which are calculated by reference to a predetermined methodology, For the avoidance of doubt, an Incumbent may impose Fixed Charges by reference to a unit measurement (for example, per property). Furthermore, an Incumbent may offer more than one Fixed Charge in charging for a service provided in accordance with the present rules
Incumbent	Is a water undertaker or sewerage undertaker that provides Bulk Supplies or Bulk Discharge Services which are subject to these rules pursuant to rule 3 and that is not a New Appointee.
Leakage	Means the volumes of water lost between being supplied to the site by the Incumbent, usually recorded on the Site's bulk supply meter, and being supplied and billed to the Site's customers
NAV	Means a new appointment or variation.
New Appointee	Means a company appointed by Ofwat or the Secretary of State under section 7 of the Water Industry Act 1991

Ongoing Costs	Relate to the costs of operating and maintaining on-site assets that are avoided by the Incumbent. They must reflect the activities that the new appointee is expected to perform on the site. Most new appointees will maintain and operate the on-site infrastructure. They may also perform additional services, such as emergency response and reading meters at the boundary of the site, which should also where relevant be deducted from the relevant starting point. The ongoing costs of operating and maintaining the on-site assets should be those of the Incumbent.
On-site Assets	Also known as On-site Infrastructure, refers to physical assets located within the Site specified within the Bulk Services Agreement.
Regulatory Capital Value (RCV)	The regulatory capital value (RCV) is the value of the capital base of each water and/or sewerage company for the purposes of setting price limits.
Renewal and Replacement Costs of On-site Assets	As defined in the Common Terms and Worked Examples – Bulk Charges (for bulk charges from 1 April 2027)
Site	An area in relation to which an appointment or variation has been made pursuant to section 7 of the Water Industry Act 1991
Standard Sewage Abatement (return to sewer)	An allowance to cover the volume of water supplied to the Premises that is not returned to the sewer, e.g. due to evaporation and outdoor use. The Standard Sewage Abatement for households is 10%. For non-household the abatement is 5%. The wholesale charges shown have been grossed up so are expressed on a consistent basis as household.
Undertaker	A water undertaker or sewerage undertaker that provides Bulk Charges which are subject to these rules pursuant to rule 3.
Variable Charges or Volumetric Charges	Means charges which vary in amount or which are calculated by reference to a predetermined methodology, For the avoidance of doubt, an Incumbent may impose Variable Charges by reference to a unit measurement (for example, per megalitre). Furthermore, an Incumbent may offer more than one Variable Charge in charging for a service provided in accordance with the present rules.
Wholesale Charges	For Households, those charges published in our Household Charges Scheme net of retail charges. For Non-households, those charges in the Wholesale Charges Schedule

## APPENDIX 1 - Checklist of avoided costs

Checklist		Water		Wastewater		Central Cost	Notes / Comments
Code	Activity	Direct Operating Cost	Direct Capital maintenance Cost	Direct Operating Cost	Direct Capital maintenance Cost		
WD1	Routine and ad hoc water quality sampling. Regulatory monitoring at every site irrespective of size	✓	✗				
WD2	DWI - Drinking Water Safety Planning (Water Supply (Water Quality) Regulations 2016 - Regs 27 & 28), Monthly water quality reporting, submission of annual data returns.	✓	✗				
WD3	Monitoring and auditing of Laboratory performance - Water Supply (Water Quality) Regulations 2016 - Regulation 16	✓	✗				
WD4	Water Fittings inspections - enforcement of Water Supply (Water Fittings) Regulations 1999	✓	✗				
WD5	Supplementary water quality monitoring e.g. Response to customer contacts,	✓	✗				
WD6	Additional flushing/sampling due to poor performance and/or condition of assets owned and maintained by the upstream incumbent	✓	✗				
WD7	Local Authority and Public Health England Liaison and updates.	✓	✗				
WD8	Planned Maintenance – e.g. flushing activities	✓	✓				
WD9	Unplanned Maintenance	✓	✓				
WD10	Emergency Response	✓	✗				
WD11	Meter maintenance / replacement	✗	✓				
WD12	Meter accuracy testing costs	✓	✗				
WD13	Meter reading	✗	✗				Retail cost.
WD14	Battery replacement	✗	✓				
WD15	Arrangements for sharing meter data	✗	✗				No cost incurred in the counter factual.
WD16	Standby arrangements	✓	✗				
WD17	Incumbent bulk metering costs	✗	✗				
WD18	Financial penalties for GSS failure	✓	✗				
WD19	Network losses / unaccounted for water at a direct wholesale cost.	✓	✗				Included in leakage adjustment.
WD20	Activities to monitor and control leakage/unaccounted for water	✓	✗				
WD21	'Free' water provided under social tariffs	✗	✗				Retail cost.

Checklist		Water		Wastewater		Central Cost	Notes/Comments
Code	Activity	Direct Operating Cost	Direct Capital maintenance Cost	Direct Operating Cost	Direct Capital maintenance Cost		
WD22	Offsite network maintenance / repair (No income if NAV tariff assumes connection at boundary)	✗	✗				All connections at boundary.
WD23	Water resource planning and drought plans	✗	✗				
WWD1 & WWD17	Planned / unplanned pumping station maintenance			✓	✓		
WWD2 & WWD18	Planned sewer jetting maintenance			✓	✗		
WWD3	Unplanned / emergency response and or maintenance			✓	✓		
WWD4	Telemetry			✓	✓		
WWD5	Planned / unplanned sewer jetting, blockage removal			✓	✗		
WWD6	Incumbent customer meter data costs + supplementary data.			✗	✗		Retail cost.
WWD7	Incumbent discharge costs for water losses not returned to sewer i.e. where bulk discharge costs are based on a bulk water meter.			✓	✗		Included in non-return to sewer allowance.
WWD8 & WWD22	Capital replacement in made up ground			✓	✓		
WWD9 & WWD23	'Free' sewerage provided under social tariffs			✗	✗		Retail cost.
WWD10 & WWD24	Sewer flooding remediation and compensation			✓	✗		
WWD11	Financial penalties for GSS failure			✓	✗		
WWD12 & WWD25	Offsite network maintenance / repair (No income if NAV tariff assumes connection at boundary)			✗	✗		All connections at boundary.
WWD13	Tankering incl. pre NAV approval			✓	✗		
WWD14	Trade effluent costs - admin, monitoring, data sharing with downstream incumbent			✓	✗		Where relevant.
WWD15	Blank						
WWD16	Blank						
WWD19	Incidence response sewer jetting			✓	✗		

Checklist		Water		Wastewater		Central Cost	Notes/Comments
Code	Activity	Direct Operating Cost	Direct Capital maintenance Cost	Direct Operating Cost	Direct Capital maintenance Cost		
WW20	De-silting			✓	✗		
WW21	Clearing and maintenance of drainage areas.			✓	✗		
WW26	Discharge permits/costs			✓	✗		
C1	Finance/ HR / Legal and IT staff resource costs					✓	
C2	Regulatory Costs - Licence fees, regulatory reporting and compliance					✓	
C3	NAV application and administration costs.					✓	
C4	End customer billing and customer service costs					✗	Retail cost.
C5	Management costs					✓	
C6	External consultancy					✓	
C7	IT systems and development					✓	
C8	Travel and subsistence					✓	
C9	Vehicle fleet costs					✓	
C10	Plant, tools and equipment					✓	
C11	Health and Safety					✓	
C12	Insurance					✓	
C13	Employer pension					✓	
C14	Employer NI					✓	
C15	Premises and utilities					✓	
C16	Telecommunication costs					✓	
C17	Business Rates					✓	
C18	Recruitment					✓	
C19	Training and Development					✓	
C20	Bank charges incl. those relating to customer income collection					✗	Retail cost.
C21	Customer bad debt and debt recovery costs.					✗	Retail cost.
C22	Revenue protection and voids management					✗	Retail cost.
C23	External audit / accountancy costs					✓	

Checklist		Water		Wastewater		Central Cost	Notes/Comments
Code	Activity	Direct Operating Cost	Direct Capital maintenance Cost	Direct Operating Cost	Direct Capital maintenance Cost		
C24	Asset Financing Costs					✓	
C25	Working Capital					✗	
C26	Incumbent Working Capital					✗	
C27	Marketing, Branding and Customer Relations					✓	
C28	Billing systems costs					✗	Retail cost.
C29	Billing and other postage / stationery costs					✗	Retail cost.
C30	Cost of Debt					✗	

## APPENDIX 2 - Worked Examples

Code	Information Received	WORKED EXAMPLE 1			
		Water		Wastewater	
		Household	Non-household	Household	Non-household
NP	Number of properties	50	0	50	0
	Charging area	Anglian region			
OC	Assumed occupancy	100%	100%	100%	100%
ML	Mains length	10m	0m	7m	0m
AV	Average volume	96m <sup>3</sup>	0m <sup>3</sup>	86m <sup>3</sup>	0m <sup>3</sup>
ND	Customer demand	4,800m <sup>3</sup>	0m <sup>3</sup>	4,320m <sup>3</sup>	0m <sup>3</sup>
LA	Leakage Allowance	144m <sup>3</sup>	0m <sup>3</sup>	130m <sup>3</sup>	0m <sup>3</sup>
BD	Bulk Meter Volume	4,944m <sup>3</sup>	0m <sup>3</sup>	4,450m <sup>3</sup>	0m <sup>3</sup>
	Other characteristics of the site	No special characteristics			

No relevant upfront on-site investment.

Leakage Allowance of 3.00%

Standard return to sewer of 90%.

Wastewater Services – assumes that customers need foul water, highway drainage and surface water drainage.

Code	Bulk Meter Billing – Anglian Region	WORKED EXAMPLE 1			
		Water		Wastewater	
		Household	Non-household	Household	Non-household
WF	Wholesale Fixed Charge per connection	£10.10	£10.10	£81.00	£81.00
AC	Avoided On-site Costs	-£49.25	-£49.25	-£32.80	-£32.80
NF	NAV Fixed Charge	-£1,957.50	£0.00	£2,410.00	£0.00
WV	Wholesale Volumetric Charge per m <sup>3</sup> (including allowances)	£2.8377	£2.6160	£2.4729	£2.4729
NV	NAV Volumetric Charge	£14,029.59	£0.00	£11,004.41	£0.00
TC	<b>TOTAL CHARGE</b>	<b>£12,072.09</b>	<b>£0.00</b>	<b>£13,414.41</b>	<b>£0.00</b>

$$nf = (np \times oc)x (wf + ac)$$

$$nv = (bd \times nv)$$

Code		Information Received	WORKED EXAMPLE 2			
			Water		Wastewater	
			Household	Non-household	Household	Non-household
NP	Number of properties	200	5	200	5	
	Charging area	Anglian region				
OC	Assumed occupancy	100%	100%	100%	100%	
ML	Mains length	10m	10m	7m	7m	
AV	Average volume	96m <sup>3</sup>	500m <sup>3</sup>	86m <sup>3</sup>	450m <sup>3</sup>	
ND	Customer demand	19,200m <sup>3</sup>	2,500m <sup>3</sup>	17,280m <sup>3</sup>	2,250m <sup>3</sup>	
LA	Leakage Allowance	576m <sup>3</sup>	75m <sup>3</sup>	518m <sup>3</sup>	68m <sup>3</sup>	
BD	Bulk Meter Volume	19,776m <sup>3</sup>	2,575m <sup>3</sup>	17,798m <sup>3</sup>	2,318m <sup>3</sup>	
	Other characteristics of the site	No special characteristics				

No relevant upfront on-site investment.

Leakage Allowance of 3.00%

Standard return to sewer of 90%.

Wastewater Services – assumes that customers need foul water, highway drainage and surface water drainage.

Code		Bulk Meter Billing – Anglian Region	WORKED EXAMPLE 2			
			Water		Wastewater	
			Household	Non-household	Household	Non-household
WF	Wholesale Fixed Charge per connection	£10.10	£10.10	£81.00	£81.00	
AC	Avoided On-site Costs	-£49.25	-£49.25	-£32.80	-£32.80	
NF	NAV Fixed Charge	-£7,830.00	-£195.75	£9,640.00	£241.00	
WV	Wholesale Volumetric Charge per m <sup>3</sup> (including allowances)	£2.8377	£2.6160	£2.4729	£2.4729	
NV	NAV Volumetric Charge	£56,118.36	£6,736.20	£44,012.67	£5,732.18	
TC	<b>TOTAL CHARGE</b>	<b>£48,288.36</b>	<b>£6,540.45</b>	<b>£53,652.67</b>	<b>£5,973.18</b>	

$$nf = (np \times oc)x (wf + ac)$$

$$nv = (bd \times nv)$$

Code		Information Received	WORKED EXAMPLE 3			
			Water		Wastewater	
			Household	Non-household	Household	Non-household
NP	Number of properties		1,000	20	1,000	20
	Charging area	Anglian region				
OC	Assumed occupancy	100%	100%	100%	100%	
ML	Mains length	10m	10m	7m	7m	
AV	Average volume	96m <sup>3</sup>	500m <sup>3</sup>	86m <sup>3</sup>	450m <sup>3</sup>	
ND	Customer demand	96,000m <sup>3</sup>	10,000m <sup>3</sup>	86,400m <sup>3</sup>	9,000m <sup>3</sup>	
LA	Leakage Allowance	2,880m <sup>3</sup>	300m <sup>3</sup>	2,592m <sup>3</sup>	270m <sup>3</sup>	
BD	Bulk Meter Volume	<b>98,880m<sup>3</sup></b>	<b>10,300m<sup>3</sup></b>	<b>88,992m<sup>3</sup></b>	<b>9,270m<sup>3</sup></b>	
	Other characteristics of the site	No special characteristics				

No relevant upfront on-site investment.

Leakage Allowance of 3.00%

Standard return to sewer of 90%.

Wastewater Services – assumes that customers need foul water, highway drainage and surface water drainage.

Code		Bulk Meter Billing – Anglian Region	WORKED EXAMPLE 3			
			Water		Wastewater	
			Household	Non-household	Household	Non-household
WF	Wholesale Fixed Charge per connection	£10.10	£10.10	£81.00	£81.00	
AC	Avoided On-site Costs	-£49.25	-£49.25	-£32.80	-£32.80	
NF	NAV Fixed Charge	-£39,150.00	-£783.00	£48,200.00	£964.00	
WV	Wholesale Volumetric Charge per m <sup>3</sup> (including allowances)	£2.8377	£2.6160	£2.4729	£2.4729	
NV	NAV Volumetric Charge	£280,591.78	£26,944.80	£220,068.32	£22,923.78	
TC	<b>TOTAL CHARGE</b>	<b>£241,441.78</b>	<b>£26,161.80</b>	<b>£268,268.32</b>	<b>£23,887.78</b>	

$$nf = (np \times oc)x (wf + ac)$$

$$nv = (bd \times nv)$$

### APPENDIX 3 - Information required where there is a Pumping Station on-site

Development Name	
Development size (number of properties)	
Total number of properties connected to pumping station	
Pump kW rating	
Rising main size	
Notional hours run per day	
Description of site characteristics that result in the need for an on-site pumping station.	
Please include a detailed design drawing	

## APPENDIX 4 - List of the minimum quarterly information needed for billing

<b>Site Details</b>
Anglian Water Site Reference Number
Site Name
<b>For each connected property on the site:</b>
<b>Property Details</b>
Property Address
Property Post Code
Property Type (household/non-household)
Property Status (occupied/vacant)
Occupation Date
<b>Connection Details</b>
Connection Date
Service Provided
<b>Meter Details</b>
Meter Point ID or Meter Serial Number
Meter Installation Date
<b>And for sites with non-household connections:</b>
Meter Reading Date & Read (current) (for each non-household)
Meter Reading Date & Read (previous) (for each non-household)