

## **Scheme of Charges setting out Default tariffs applicable to non-household customers in the Portsmouth Water supply area**

### **1.Introduction**

This Scheme of Charges sets out the Default Charges applicable to Non-Household water customers in the Portsmouth Water area from 1 April 2018. This Scheme of Charges is published by Castle Water Limited pursuant to the transfer of the rights and responsibilities of Portsmouth Water to provide retail services to Non-Household Customers to Castle Water as of 1 April 2017, as approved by the Secretary of State for the Environment, Food & Rural Affairs on 6 December 2016. Castle Water is licensed by Ofwat as a retailer of water and sewerage services in England. Portsmouth Water's powers to charge for water supplies are contained in the Water Industry Acts. Charges are set in accordance with revenue control limits determined by Ofwat.

Wholesale charges are published on Portsmouth Water's website annually, normally in January each year. Tariffs will take effect on 1st of July each year.

## 2. Schedule of Default tariffs and general charges

### 2.1 Primary non-household tariffs

Unmetered water supplies	1 July 2017 to 30 June 2018	2 July 2018 to 30 June 2019
Standing charge	£24.52	£24.62
Rateable value charge (pence/£rv)	39.4	40.40
Licence charge	£111.20	£113.51
Minimum charge	£77.71	£79.16

Metered water supplies		1 July 2017 to 30 June 2018	2 July 2018 to 30 June 2019
Less than 10,000 m <sup>3</sup> per year	Volume charge £ per m <sup>3</sup>	0.725	0.744
	Site Fee (£)	n/a	n/a
10,000 - 50,000 m <sup>3</sup> per year	Volume charge £ per m <sup>3</sup>	0.705	0.724
	Site Fee (£)	£200	£233
More than 50,000 m <sup>3</sup> per year	Volume charge £ per m <sup>3</sup>	0.594	0.612
	Site Fee (£)	£5,550	£5,616

#### Less than 10,000 m<sup>3</sup> per year

Metered water supplies	1 July 2017 to 30 June 2018	2 July 2018 to 30 June 2019
<b>Size of meter</b>		
15mm (0.5 inches)	£28.14	£28.41
20mm (0.75 inches)	£32.26	£32.66
25mm (1.00 inches)	£87.92	£90.26
40mm (1.50 inches)	£167.55	£172.41
50mm (2.00 inches)	£207.60	£213.73
80mm (3.00 inches)	£297.14	£306.08
100mm (4.00 inches)	£723.37	£745.73
150mm (6.00 inches)	£1,586.44	£1,636.03
200mm (8.00 inches)	£2,697.57	£2,693.16
300mm (12.00 inches)	£6,403.24	£6,413.16

**10,000 - 50,000 m<sup>3</sup> per year**

<b>Metered water supplies</b>	<b>1 July 2017 to 30 June 2018</b>	<b>2 July 2018 to 30 June 2019</b>
<b>Size of meter</b>		
15mm (0.5 inches)	£45.42	£41.05
20mm (0.75 inches)	£49.54	£45.30
25mm (1.00 inches)	£105.20	£102.90
40mm (1.50 inches)	£184.83	£185.05
50mm (2.00 inches)	£224.88	£226.37
80mm (3.00 inches)	£314.42	£318.72
100mm (4.00 inches)	£740.65	£758.37
150mm (6.00 inches)	£1,603.72	£1,648.67
200mm (8.00 inches)	£2,697.57	£2,693.16
300mm (12.00 inches)	£6,417.57	£6,413.16

\*VAT applicable to hire charge and consumption which is an industrial supply.

**More than 50,000 m<sup>3</sup> per year**

<b>Metered water supplies</b>	<b>1 July 2017 to 30 June 2018</b>	<b>2 July 2018 to 30 June 2019</b>
<b>Size of meter</b>		
15mm (0.5 inches)	£45.42	£41.05
20mm (0.75 inches)	£49.54	£45.30
25mm (1.00 inches)	£105.20	£102.90
40mm (1.50 inches)	£184.83	£185.05
50mm (2.00 inches)	£224.88	£225.88
80mm (3.00 inches)	£314.42	£318.72
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150mm (6.00 inches)	£1,603.72	£1,648.67
200mm (8.00 inches)	£2,697.57	£2,693.16
300mm (12.00 inches)	£6,417.57	£6,413.16

## 2.2 Non-primary charges

Castle Water may charge a reasonable administration cost in connection with services provided by Portsmouth Water or procured for customers by Portsmouth Water, where there is no specified retail charge. Charges will be made at the higher rate of 3.5% or an hourly rate of £75.

Castle Water may charge a failed direct debit charge of £43.75 if there is any failure in any direct debit payment (other than as a result of the act or omission of Castle Water).

Castle Water may charge:

- A debt collection charge of £20 in respect of any invoice where Castle Water passes the account to an external debt collection agency for collection activity (other than activity involving visits to the relevant premises);
- A visit charge of £100 in respect of any invoice where Castle Water arrange a visit to the relevant premises for collection and/or disconnection activity through either Castle Water staff or any sub-contractor of Castle Water; and
- a recoveries charge of £112.50 in respect of any overdue invoice where Castle Water has undertaken legal action to recover such sums.

These charges are in addition to:

- charges in connection with disconnection as set out in the Portsmouth Water Wholesale Tariff document; and
- third party costs incurred by Castle Water in connection with debt recovery action including without limitation court fees and the costs of instructing solicitors to pursue outstanding invoices.

Castle Water may charge a meter reading charge of £5 for any meter reads requested by a customer in addition to the minimum number of meter reads required to be undertaken by Castle Water under the market codes. Where the Customer requests a specific appointment for the reading of meters, there will be an additional charge for such appointment of an amount to be notified to the customer by Castle Water.

Castle Water may charge an additional invoice charge of £2.50 for each copy invoice issued to a customer by post.

Castle Water may charge a replacement invoice charge of £25 where:

- a customer has switched to another retailer and Castle Water has issued a final invoice based on estimated readings due to the failure of the incoming retailer to provide a meter read for the transfer date within 7 days of the date on which the customer has transferred to a new retailer;

and

- the customer subsequently requests a replacement invoice based on an actual meter read on the transfer date rather than the previous estimated read.

Standposts				
Size	Month(s)	Deposit	Hire charge*	Consumption charge
25mm (1.00 inch)	1	£200	£45	based upon the usage of water at the standard volumetric rate
25mm (1.00 inch)	6	£200	£100	
50mm (2.00 inch)	1	£600	£45	
50mm (2.00 inch)	6	£600	£160	

Fire hydrants				
New mains	up to and including 100mm	150mm	200mm	larger than
Hydrant with post and plate	£559	£622	£790	charged at cost
Hydrant without post and plate	£545	£609	£777	charged at cost
Existing mains	charged at cost	charged at cost	charged at cost	charged at cost
VAT	standard rated	standard rated	standard rated	standard rated

### Meter installation on an existing service - B1

External installation survey	£60 per hour
Standard meter installation 32mm	£138 + VAT
Standard meter installation 25mm	£89 + VAT
Cost of all other installations	based on quotation
Internal installation survey	£60 per hour
Cost of internal installation	based on quotation

### Meter accuracy - B3

Non-household meters up to 50mm (2.00 inches)	£70
Non-household meters greater than 50mm (2.00 inches) or external verification	based on quotation

### Changing meters at licenced retailer request - B7\*

Survey	£60 per hour
All other actions, upsizing or downsizing	based on quotation

### Verification of meters - C1\*

Verification of meter details	£60 per hour
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### Visits by the Wholesaler to eligible premises - F3\*

Visits by the Wholesaler to eligible premises not covered by other processes	£60 per hour
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### Disconnections

Temporary disconnection for non payment - I1	£120 fixed cost
Permanent disconnection for non payment - I1	based on quotation
Standard disconnection requested by non household customer - I5*	£60 per hour
Non-standard disconnection requested by non household customer - I5	based on quotation
Gaining entry to eligible premise - I7	based on quotation

### Reconnections\*

Reconnection requested by retailer (in normal working hours) - I8*	£60 per hour
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Reconnection requested by retailer (emergency/out of hours) - I8	£180 fixed cost
Reconnection performed by wholesaler (in normal working hours) - I11*	£60 per hour
Reconnection performed by wholesaler (emergency/out of hours) - I11	£180 fixed cost

\*charges will be based on the actual time spent doing the requested work.

## Definitions

**Eligibility Criteria:** the definition of a customer eligible to switch supplier will be as laid down in Ofwat's document 'Guidance on assessing whether customers in England and Wales are eligible to switch their water and wastewater retailer', August 2015.

**MOSL:** Market Operating Systems Ltd. MOSL are the market operator for the competitive retail market. Their role is to maintain records that allow customers to switch between retailers and determine financial settlement between wholesalers and retailers.

**Non-primary Charges:** charges that relate to the provision of one- off or discrete services performed pursuant to the Operational Terms.

**Ofwat:** see WRSA below

**Price Review:** The process of setting appointed water companies' revenue limits. Wholesale revenues are normally set every five years. The 2014 price review set wholesale prices and revenues for the period 1 April 2015 to 31 March 2020.

**Primary Charges:** charges which relate to the supply of water on an enduring or temporary basis.

**Rateable Value:** means the 'value' assigned a property by the local government Valuation Office which was effective on 31 March 1990.

**Retail Licensee:** Castle Water Limited, who holds water and sewerage supply licenses issued by Ofwat.

**Retailer:** Castle Water Limited.

**Settlement Process:** the process of setting and calculating the Primary Charge in respect of each supply point.

**WSSL (Water Supply and Sewerage Licence):** a water supply and sewerage licence will allow entry into the competitive supply market for the purpose of providing retail services.

**Water Supply Wholesaler:** incumbent regional monopoly water company providing physical water services. This includes the supply of water services, meter ownership, installation, maintenance and replacement, physical disconnections and reconnections.

**Wholesale Activities:** the abstraction of raw water, transmission of raw water, water treatment, storage and distribution to end users plus ancillary services.

**The Wholesaler:** the wholesale division of Portsmouth Water; the organisation levying the charges described in this document.

**Wholesale Charges:** charges paid to a water supply wholesaler by a retail licensee for the supply of water. This is defined by the Wholesale - Retail Code.

**Wholesale Retail Contract:** a contract between the Retailer and Portsmouth Water on terms and conditions the services the wholesaler will provide to the retailer and the commercial terms on which they will be provided.

**Wholesale Tariff:** the tariff offered by wholesalers to retailers.

**Wholesale Tariff Structure:** the structure and thresholds of wholesale tariffs offered by a wholesaler to retailers.

**WRSA:** Water Services Regulation Authority (Ofwat). The economic regulator of the water and sewerage industry in England and Wales.

## **Charging policies**

### **Basis for calculating Primary Wholesale Charges**

The underlying principle used for deriving the Primary Wholesale Tariffs is that the wholesale tariff for each customer segment should be reflective of the average cost of providing wholesale water.

For the purposes of tariff setting wholesale activities are defined to cover the activities and overheads associated with: water resources and abstraction of water, raw water distribution, water treatment, treated water distribution and scientific services.

Development of the tariffs followed two key steps:

- Identification of the wholesale cost base, separated by functional activity;
- Allocation of those wholesale costs to distinct customer classes/ segments.

To identify the unit cost to serve for each customer segment, cost allocation rules were developed applying variants of the relative output method, which is considered best practice within Fully Distributed Cost (FDC) methodologies.

### **Basis for calculating Non-primary Wholesale Charges**

Services which the wholesaler may charge for are determined in the Wholesale - Retail Code. Charges are established in relation to the average cost of supplying the service.

The activities are listed in our section Open Water Activities and the charges are shown in the tariff section of this document.

Where Non-primary charges reflect the cost of labour, an hourly rate is quoted. Charges will be based on the actual time spent doing the requested work.

### **Value Added Tax**

All charges contained in this Charges Scheme are exclusive of Value Added Tax (VAT).

VAT is payable for customers falling within Standard Industrial Classifications (SIC) codes "1-5. The Retailer will inform Portsmouth Water of their Standard Industrial Classification.

All charges for ancillary services the Wholesaler provides will be subject to VAT at the appropriate rate.

### **Measured charges**

Where the occupier of a non-household property at which a meter has been installed is liable to pay water charges, measured charges will apply unless there is an agreement between Portsmouth Water and the Retailer of that property to pay a different tariff.

### **Unmeasured charges**

Where the occupier of a property is liable to pay water and a meter has not been installed at the property, unmeasured charges, set out in this charges scheme will apply.

Unmeasured charges will continue to apply until such time as either:



- a) The occupier of the non-household property chooses to have a meter installed. Unmeasured charges will continue to apply and be payable up to the date the meter is installed; or
- b) Portsmouth Water determines that water is being used, or is to be used, for one or more of the non-domestic purposes which would entitle Portsmouth Water to require the water supply to be metered under Regulations made by the Secretary of State for the Environment.

Again unmeasured charges will continue to apply and be payable up to the date the meter is installed.

### **Unoccupied properties**

Where a Retailer identifies a site that believes is unoccupied but is currently being charged, or is occupied but currently not charged they should advise Portsmouth Water through market transactions.

### **Leakage**

The non-household customer is liable for the cost of all water registered on the meter. No allowance is made in respect of leakage from customers' pipework except for mixed use premises.

Non-household customers must discuss this issue with their Retailer, who will progress with Portsmouth Water as appropriate.

### **Water meter installation**

Customers receiving an unmeasured water supply may wish to be charged for water supplied to their premises by meter. If their premises are served by a separate service pipe and the plumbing installations comply with Water Regulations, they may elect to have a meter installed, subject to the completion of certain formalities.

Where a shared supply exists Portsmouth Water can quote to enable a separate supply and meter be fitted.

The meter will be positioned in Portsmouth Water's preferred location at the property boundary, although consideration may be given to alternative locations provided that provision is made for unrestricted access to read the meter.

A meter, where installed, remains the property of Portsmouth Water.

For a non-household premise, the Retailer must pay the cost of installation of the meter and once the water charges have become measured charges, they will remain so irrespective of any change of use of the premises or of the purpose for which the water is used. Installation will be carried out in accordance with the Open Water SLA.

### **Firefighting**

No water charges are levied for water used for firefighting, fire training or firefighting systems such as sprinklers, including the replenishment of storage tanks, hydrants and testing. Portsmouth Water will usually install a separate connection to the water mains for these systems.

Charges for the provision and maintenance of fire hydrants is set out in Portsmouth Water's Non-primary Charges.

### **Guaranteed standards**

Castle Water operates the Guaranteed Standards as published by Ofwat.

### **Replacement of lead service pipes**

It is not Portsmouth Water's policy to make a contribution towards lead service pipe replacement for non-household properties.

### **Damage to apparatus**

Damage is charged back to the third party on a fully rechargeable basis.

### **Water (fittings) regulations inspections**

Periodic industrial inspections are carried out free of charge.

### **Site inspections**

Planned regulation compliance inspections are free of charge.

### **Standpipes**

Portsmouth Water will provide standposts / standpipes as set out in Portsmouth Water Non-primary Charges.

### **Third party logging of meters**

In principal Portsmouth Water has no objection to third party logging of its revenue meters as long as the installation is undertaken by Portsmouth Water where the meter seals and index are to be removed.

Portsmouth Water requires the completion of an application form which is available on Portsmouth Water web portal.

### **Accredited Entities**

Portsmouth Water will allow Accredited Entities (AE) to undertake work in accordance with the Wholesale - Retail Code Part 3 Operational Terms.

Accredited Entities will have undertaken an assessment of competence and been awarded an accreditation certificate from a Water Industry Regulated Provider.

Confirmation to the requesting licenced Retailer of approval to proceed to carry out the specified work will be provided within the SLA of each of the processes within the Wholesale - Retail Code.

### **Charges for other activities**

Portsmouth Water may charge for the activities, on the basis set out in the Wholesale Scheme of Charges. Castle Water may charge a reasonable administration cost in relation to any services procured from Portsmouth Water, which will be payable by the customer to Castle Water in advance. Services include:

- Meter installation
- Meter Accuracy

- Repair or replacement of faulty meter
- Retailer request to change size, model or location of meter
- Retailer request for Wholesaler to carry out Meter Read for a Non-Market Meter pending Transfer or allocation of a Supply Point
- Verification of meter details or meter supply arrangements
- Disconnection requested by the Retailer and performed by the Wholesaler in relation to Non- Household Customer non-payment
- Disconnection performed by the Wholesaler for illegal use
- Disconnection performed by the Wholesaler for breach of Water Fittings Regulations
- Disconnection requested by the Non-Household Customer and performed by the Wholesaler
- Gaining entry to an Eligible Premises for the purposes of Disconnection using the Wholesaler's powers of entry at Retailer request
- Reconnection requested by the Retailer and performed by the Wholesaler
- Reconnection performed by the Wholesaler following rectification of a breach of Water Fittings Regulations
- Reconnection performed by the Wholesaler following a Disconnection requested by the Non- Household Customer

## Customer information

Map of Company area

