

Thames Water Utilities Limited (TWUL)

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Infrastructure Charges Scheme

2021-22

Infrastructure charges for the supply of water
and wastewater services

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Introduction

This 2021-22 Charges Scheme is made by Thames Water Utilities Limited under the powers conferred by Section 143 of the Water Industry Act 1991 (as amended) and complies with Ofwat's Charges Scheme Rules issued in March 2020. It does not cover charges raised under agreements.

This booklet includes schedules of infrastructure charges for 2021-22, which forms part of the Charges Scheme.

Infrastructure Charges Scheme 2021

- 1 This scheme, which revokes all previous Infrastructure Charges Schemes made by Thames Water and which may be referred to as “the Thames Water Infrastructure Charges Scheme 2021”, is made by Thames Water Utilities Limited under Section 143 of the Act and in accordance with the Charges Scheme Rules and shall operate from 1 April 2021 until 31 March 2022 inclusive.

Interpretation

- 2 (1) Subject to sub-clause (2), the Interpretation Act 1978 shall have effect for the interpretation of this scheme as it has effect for the interpretation of an Act of Parliament;

(2) In this scheme, unless the context otherwise requires:

“the Act”

means the Water Industry Act 1991 including any statutory amendments whether made before or after the date of this scheme;

“the Charges Scheme Rules”

means the Charges Scheme Rules issues by the Water Services Regulation Authority under sections 143(6A) and 143B of the Act in March 2020;

“Charging Arrangements”

means the statement of charges published by Thames Water under and as required by the Charging Rules;

“the Charging Rules”

means the Charging Rules for New Connection Services (English Undertakers) issued by the Water Services Regulation Authority under sections 51CD, 105ZF and 144ZA of the Act in March 2020;

“connection”

includes a connection to a water main or a public sewer (as the case may be) via an intervening pipe or conduit not necessarily in the ownership of the customer;

“customer”

means a person in ownership or occupation of any premises who requests Thames Water to make a connection to a water supply for domestic purposes or to a public sewer for the drainage for domestic purposes of such premises or for both services or who otherwise makes arrangements for a connection to be made to such premises for either or both of such services;

“domestic purposes”

in relation to a supply of water to any premises or in relation to the drainage of premises has the same meaning as in Sections 218 and 98 of the Act respectively;

“Income Offset”

shall have the same meaning as appears in the Charges Scheme Rules. The value of the Income Offset is included in the Infrastructure Charges Schedule;

“Infrastructure Charges Schedule”

means the schedule of charges fixed by Thames Water for the financial year 2021-22, which forms part of this scheme;

“the Licence”

means the Instrument of Appointment dated August 1989 whereby the Secretary of State for the Environment appointed Thames Water as the water undertaker and the sewerage (wastewater) undertaker for the areas respectively described therein, and includes any subsequent amendments;

“Network Reinforcement”

has the same meaning as in the Charging Rules;

“premises”

includes any part of a building which is intended to be occupied as a separate unit;

“public sewer” “service pipe” “sewerage (wastewater) undertaker”, “water main” and “water undertaker” have the same meanings as in the Act;

“Related Amount” “the Wastewater Infrastructure Charges Limit” and “the Water Infrastructure Charges Limit” have the same meanings as in Condition C of the Licence;

“Thames Water”

means Thames Water Utilities Limited.

General

- 3 (1) Charges payable under this scheme are fixed in accordance with the provisions of the Licence, the Act and the Charges Scheme Rules, and are shown in the Infrastructure Charges Schedule. Any taxes imposed by law on the making of such charges shall be recoverable in addition to such charges.

(2) It is intended that the charges made under this scheme, will, with any other relevant sources of revenue, supply income necessary for the costs of Network Reinforcement that Thames Water reasonably incurs over a rolling five year period in accordance with the Charges Scheme Rules and before the application of any Income Offset.

(3) Rates for water infrastructure charges have been derived by dividing the average expected spend on water Network Reinforcement for the years 2021-2025 by the expected number of water infrastructure charges payable for the same period. We have capped any increase so it does not exceed the price as set out in Licence Condition C, which still applies for some connections.

(4) Rates for waste infrastructure charges have been derived by dividing the average expected spend on waste Network Reinforcement for the years 2021-2025 by the expected number of waste infrastructure charges payable for the same period. The resulting price increase is lower than the price set out in Licence Condition C.

Charges

- 4 (1) Subject to the provisions of Condition C of the Licence, where a customer requests Thames Water to make a connection to a water main of any one or more premises which have never at any previous time been connected to a supply of water provided for domestic purposes by Thames Water or any statutory predecessor to it, or where the customer otherwise makes arrangements for such a connection, there shall be payable to Thames Water in respect of each such premises the charge, (less any Related Amount), shown in the Infrastructure Charges Schedule.

Provided that in calculating the total of such premises for the purposes of this charge, there shall be deducted from such total any premises on the same site which were separately connected to such water supply at the date of such calculation or within the previous period of five years provided that each such separately connected premises shall be deducted once only in calculating such total.

(2) Subject to the provisions of Condition C of the Licence, where a customer requests Thames Water to make a connection to a public sewer of one or more premises which have never at any previous time been connected to a sewer used for the drainage for domestic purposes of those premises by Thames Water or any statutory predecessor to it, or where the customer otherwise makes arrangements for such a connection, there shall be payable to Thames Water in respect of each such premises the charge, (less any Related Amount), shown in the Infrastructure Charges Schedule.

Provided that in calculating the total of such premises for the purposes of this charge there shall be deducted from such total any premises on the same site which were separately connected to a public sewer at the date of such calculation or within the previous period of five years provided that each such separately connected premises shall be deducted once only in calculating such total.

Income Offset

- 5 (1) Charges payable under Clause 4 shall be subject to an Income Offset credit for each new connection to a water main or public sewer (as set out in the Charges Schedule).

(2) Where an Income Offset credit is applicable to a multiple property building (such as a block of flats) in which the loading units per property is 13 or lower, the value of

the Income Offset shall be two times the standard amount that would otherwise be applicable.

(3) In order to calculate the value of the Income Offset, we have taken the value of income offset and asset payments made in the three years from 2015-16 to 2017-18 and divided this by the number of properties connected during those years, thus giving a figure that reflects the revenue likely to be received.

(4) The Income Offset calculated in clause 5(3) helps to ensure that the balance of contributions to costs from developers and other customers that was in place prior to 1 April 2018 is broadly maintained. This can be evidenced through the modelled recovery of our allowed wholesale revenues and by way of developers paying the cost of development and no more.

Payment of Charges

6 (1) The charges shall become due and payable after the connection has been made and within 14 days after demand being made by Thames Water.

(2) For information it should be noted that the charges payable under this scheme are in addition to the charges for making the actual physical connection to the water main and/or public sewer. In the event that Thames Water makes the connection it is empowered by the Act to charge the customer in accordance with the Charging Arrangements for the connection works in addition to raising infrastructure charges under this scheme.

(3) Infrastructure charges are payable at the rates published and in effect on the date of connection. This may be different to the rate on a quote we issue or the rate applying when you begin your development. In order to provide you with the opportunity of price certainty, we invite you to pay infrastructure charges as set out in the quote within the validity period of such quote, in which case the rate will become fixed at that point. No additional infrastructure charges will become payable unless the information you provided to us about the development is found to be incorrect or you change your development.

(4) The developer will receive the Income Offset credit at the same time they pay the infrastructure charges. If infrastructure charges have been paid as set out in a quote, within the validity period of that quote, the Income Offset rate will become fixed at that point unless the information you provided to us about the development is found to be incorrect or you change your development. An upfront payment will not be made if the net total is such that a payment is due from Thames Water. If this is the case, it will be paid once the connection has been made.

Agreements

7 The provisions of this scheme are without prejudice to the power of Thames Water to enter into an agreement with a customer as to the terms on which any charges due in respect of the connection of any premises to a water supply or a public sewer system shall be paid to Thames Water including in particular any agreement to make a lump sum payment (whether or not in advance of the connection or connections being made) in respect of such charges.

How to contact us

If you have a specific enquiry, please visit thameswater.co.uk/contactus for advice. You can also contact us via Facebook and Twitter, or by calling us on the following numbers:

- Operational enquiries: 0800 316 9800
- Billing enquiries: 0800 980 8800
- Extra care services: 0800 009 3652

If your hearing or speech is impaired, you can contact us using [Relay UK](https://relayuk.bt.com) – see relayuk.bt.com.

If you are unhappy with any aspect of our service, you can find more information about our complaints procedure at thameswater.co.uk/complaints, or call us and request a version.

CCW is an independent body that acts as the voice for water consumers.

For free independent advice visit ccwater.org.uk, call 0300 034 2222 or write to CCW – the voice for water consumers, c/o 1st Floor, Victoria Square House, Victoria Square, Birmingham, B2 4AJ.

Our regulator Ofwat can deal with certain issues – for more information see ofwat.gov.uk.

Infrastructure Charges Schedule 2021-22

Infrastructure charges payable

The published charges are for a single property supplied via a standard sized (25 or 32mm external diameter pipe) water connection. For other properties, such as student housing, offices or care homes, we apply a multiplier (the Relevant Multiplier as detailed below) to the published charge to reflect the increased impact on our networks.

The wastewater infrastructure charge is calculated on the same basis as the water infrastructure charge unless you are able to show that waste and surface water flows are not being discharged to the public sewer.

Standard infrastructure charges are shown in Table 1.

Table 1 Infrastructure charges

Infrastructure charges	Charge
Water	£400
Wastewater	£365

Income Offset

The standard Income Offset credits applicable under clause 5(1) are shown in Table 2.

Table 2 Income Offset credits

Income Offset	Credit
Water	£230
Wastewater	£15

Where the connection is to a multiple property building in which the loading units per property is 13 or lower, the Income Offset credit applicable under clause 5(2) will be £460 per connection for a water main and £30 for each connection to a public sewer.

Relevant Multiplier

The Relevant Multiplier (“RM”) is a way of working out infrastructure charges for the following types of property:

- Residential properties with a single, shared supply pipe and which are subject to a ‘common billing agreement’; this includes sheltered housing, student accommodation and high-rise flats
- Non-residential properties where the supply pipe is larger than the standard size, such as office blocks

How the Relevant Multiplier is calculated

Each water fitting (wash basin, bath, shower, etc.) is given a 'loading unit' based on the amount of water it uses. The average number of units per property is taken as 24, equal to an RM of 1.00. We use this as the basis for calculating the RM for each property on a development where the RM applies.

We do this by adding up the loading units for all the water fittings on a development. We divide this by the number of properties to give the average loading units per property. We divide this again by 24 (the average loading units) to give the RM for each property.

For properties subject to a common billing agreement, the RM can be more or less than 1.00. For other properties the minimum is 1.00.

Details of the number of loading units assigned to each water fitting are shown below in Table 3.

Table 3 Loading units for calculating the Relevant Multiplier

Water fitting	Loading units
WC flushing cistern	1
Wash basin	1
Bath (tap nominal size $\frac{3}{4}$ " / 20mm)	4
Non-domestic bath	8
Shower	2
Sink (tap nominal size $\frac{1}{2}$ " / 15mm)	2
Non-domestic sink	8
Bidet	1
Domestic appliance	2
Commercial or communal appliance	5
External tap	5
Urinal	3

Using the Relevant Multiplier to calculate infrastructure charge

We use the RM multiplied by the standard charge to give us the infrastructure charge for that property.

Example of a residential development

The development consists of 20 flats with a common billing agreement and the total loading units are 460.

Infrastructure charges

- We divide the total loading units (460) by the number of properties (20) and again by the average (24). This gives an RM for each flat of 0.96 ($460 \div 20 \div 24 = 0.96$)
- The infrastructure charge for each flat is the RM of 0.96 multiplied by the standard charges
- The infrastructure charge for the whole development is the RM multiplied by the standard charge multiplied by the number of properties

The water infrastructure charge for the development is therefore

$RM\ 0.96 \times 20\ properties \times £400\ standard\ charge = £7,680.00$

The wastewater infrastructure charge for the development is therefore

$RM\ 0.96 \times 20\ properties \times £365\ standard\ charge = £7,008.00$

Income Offset

The water Income Offset for the development is therefore

$RM\ 0.96 \times 20\ properties \times £230\ standard\ charge = £4,416.00$

The wastewater Income Offset for the development is therefore

$RM\ 0.96 \times 20\ properties \times £15\ standard\ charge = £288.00$

Net Infrastructure charge payable

The net water charge payable by the customer is therefore

water infrastructure charge (£7,680) – water Income Offset (£4,416) = £3,264

The net wastewater charge payable by the customer is therefore

wastewater infrastructure charge (£7,008) – wastewater Income Offset (£288) = £6,720

Network charges may also be payable in respect of supplies for non-domestic purposes within the development such as the irrigation supply and bin store. Details of these can be found in Thames Water's Charging Arrangements which is available at [thameswater.co.uk/developers/charges](https://www.thameswater.co.uk/developers/charges).