



Statement of significant change: 2022-23 Charging Arrangements for New Connection Services

Thames Water Utilities Limited

Statement of Significant Change: 2022/23 Charging Arrangements for New Connection Services

Introduction

1. The Statement of Significant Change for the 2022-23 Charging Arrangements sets out any significant changes in charging policy for 2022-23 and whether the bill for typical developments is expected to increase by more than 10% from the previous year.
2. This statement is made in accordance with Ofwat Information notice (IN 21/04 October 2021) and New Connections Charging Rules A2 and A3 and confirms:
 - a. what changes have been made to charging policy in 2022-23
 - b. the size of the increase expected and the impacts this has had on typical developments (using worked examples)
 - c. the handling strategies, if appropriate, that have been adopted
 - d. that the board of Director's has assessed and approved the impacts on customer's bills and the handling strategies that have been adopted

Information about significant changes to our new connections charging policy for 2022-23

3. The following changes have been made to our charging policies for 2022-23
 - a. The introduction of an expiry date for accepted quotes. This will improve cost reflectivity by limiting the time between the customer payment of a fixed price and the date the work is carried out. The introduction of an expiry date on accepted quotes also addresses Ofwat's concerns regarding advance payments of infrastructure charges, as it limits the validity of the advance payment to cross one charging year only, which is fairer to all customer groups:
 - i. For Service Connections customers pipe work must have been laid and have passed a water regulations inspection within 12 months of the quote date
 - ii. For Water Mains and Sewers, the phase of main laying construction must have commenced within 18 months of the quote date
 - b. The blending on our pipelaying charges between mains and service connections has been removed in response to the introduction of the new charging principle "cost of the relevant service". This means the price per meter by surface type and diameter will no longer be the same for a main and service connection pipelaying charge.
 - c. The income offset discount will be removed and replaced with an environmental discount. Last year our customers told us they wanted us to reconsider environmental discounts, and Ofwat are encouraging this in the Information Notice 21/04 and the conclusions of the "scope and balance of developer charges" consultation both published in October 2021.

- d. Infrastructure charge methodology has been amended to reflect the clarification made by Ofwat. This means that historical under or over recoveries will no longer be taken into consideration when calculating the infrastructure charge. Last year we capped the Water infrastructure charge so it would not exceed the maximum allowable under Licence Condition C to mitigate the impact on customers of the price increases identified last year. This year the cap will be removed.

Impact of significant changes on typical developments

4. Removal of the 2021-22 handling strategy

Last year we introduced a one-year handling strategy to mitigate the impact of infrastructure charge price increases on multiple property buildings. We offered a 2x multiplier on Income offset for multiple property buildings where the loading units are 13 or below per property. This will no longer apply in 2022-23 resulting in passing on the balance of the impact to customers. However, take up of this offer was very low so this will not have a significant impact on typical developments and has therefore not been included in the worked examples.

5. Removal of the pipelaying blending

The impact of removing the blending on pipelaying charges results in a c7% average increase on service connection pipelay and equivalent reduction on mains pipelay charges.

6. Replacement of Income Offset with environmental discounts.

The removal of the income offset will result in higher bills for customers that do not qualify for any of the environmental discounts being offered. However, we believe that tier 1 is available to most customers and is already embedded in the London plan as the minimum standard expected by the Mayor for new homes. The impact on customer bills is as follows.

	Income Offset	Tier 1 & SUDS Environmental Discounts	Net change
Single Property - Short Connection	6%	-5%	0.5%
50 House Development - Customer excav/rein	13%	-12%	1%
50 House Development - TW	7%	-6%	1%
200 House Development - Customer excav/rein	15%	-14%	1%
200 House Development - TW	8%	-8%	1%
Block of 10 Flats	20%	-18%	2%
Large Block of 200 Flats	35%	-32%	3%

7. Infrastructure charges methodology.

The below tables reflect the change in the infrastructure charges for 2022-23. The latest 5-year forecast for network reinforcement reflects some slippage in spend since our 2021-22 forecast with the level of development activity not recovering as quickly from the impact of Covid and other economic challenges. Combining this with the change in methodology and removal of the cap on the water price, has resulted in an 11% increase for Water infrastructure charges and a 12% decrease for waste. Overall, the combined infrastructure charge is the same as last year.

	2021-22	2022-23	Net change	%
Water Infrastructure Charge	400	445	45	11%
Waste Infrastructure Charge	365	320	-45	-12%
Combined	765	765	0	-

Handling strategies to mitigate significant bill increases

8. There are other blending steps in our tariff model, which allows us to publish one “all inclusive” fixed price for customers and this has introduced some further imbalances between mains and service connections prices, although overall we remain cost reflective. The updated work mix has resulted in an increase in scale of this blending included in the tariff model in 2022-23 and it is reasonable to assume Covid is a driver of this. As this could unwind as work mix recovers from the impact, this may be a temporary issue.
9. To avoid price volatility and comply with Ofwat’s “Stable and Predictable” principle we have introduced a handling strategy to defer any price adjustments to next year, as this aligns with re-tendering of our contract for new connections activity so all our tariffs will need to be reviewed for 2023-24 to reflect any changes arising from the revised contractual arrangements.

We will therefore consider how best to pass on any required tariff adjustments once these commercial arrangements are also in place.

Additional information

Worked examples

These examples have been prepared in line with OFWAT guidance regarding typical scenarios and includes an additional scenario that we also consider a typical development for our business. All relevant ancillary charges have been included such as traffic management.

Alternative provider scenarios assume all non-contestable activities are carried out by others.

Scenario 1: Single property – Short connection

25/32mm service connection to an existing main, in the road with 4 metres of pipelaying.

				Thames Water Delivered								Alternative Delivery Method	
				2021/22				2022/23				2022/23	
Item	Contes table (Y/N)	Unit	Quantit y	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Self-Lay Rate	Self-Lay Charge
Pre-construction Charges													
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50
Administration Fee	Not charged by Thames Water												
Design Fee (Design checking for self lay)	Y	per property	1	£50	£50	£50	£50	£50	£50	£50	£50	£30	£30
Subtotal					£100		£100		£100		£100		£80
Construction Charges													
Connection 25/32mm	Road	Y	per connection	1	£1,880	£1,880	£2,140	£2,140	£1,860	£1,860	£2,130	£2,130	
Pipe 25/32mm	Road	Y	per metre	3	£410	£1,230	£420	£1,260	£480	£1,440	£490	£1,470	
Traffic Management	Included in Connection and Pipelaying fees												
Meters	Meter included in Connection fee												
Subtotal					£3,110		£3,400		£3,300		£3,600		£0
Other Charges													
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Subtotal					£660		£660		£660		£660		£660
Infrastructure Charges													
Infrastructure Charge (water)	N	per property	1	£400	£400	£400	£400	£445	£445	£445	£445	£445	£445
Infrastructure Charge (wastewater)	N	per property	1	£365	£365	£365	£365	£320	£320	£320	£320	£320	£320
Subtotal					£765		£765		£765		£765		£765
Income Offset													
Income Offset (water)	N	per property	1	-£230	-£230	-£230	-£230	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	1	-£15	-£15	-£15	-£15	£0	£0	£0	£0	£0	£0
Subtotal					-£245		-£245		£0		£0		£0
Total Scheme Cost before Environmental					£4,390		£4,680		£4,825		£5,125		£1,505
										9.9%	9.5%		
Environmental Discount Water Tier 1	N	per property	1	£0	£0	£0	£0	-£200	-£200	-£200	-£200	-£200	-£200
Environmental Discount Waste	N	per property	1	£0	£0	£0	£0	-£25	-£25	-£25	-£25	-£25	-£25
Subtotal					£0		£0		-£225		-£225		-£225
Total Scheme Cost including Environmental Incentive					£4,390		£4,680		£4,600		£4,900		£1,280
										4.8%	4.7%		

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

Scenario 2: Block of 10 flats – Short connection

50/63mm service connection to an existing main, with 4 metres of pipelaying in the road and 4m in unmade ground.

Item	Contestable (Y/N)	Unit	Quantity	Thames Water Delivered								Alternative Delivery Method					
				2021/22				2022/23				2022/23					
				Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Self-Lay Rate	Self-Lay Charge	Nav Rate	Nav Charge		
Pre-construction Charges																	
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	
Administration Fee	Not charged by Thames Water																
Design Fee (Design checking for self lay)	Y	per property	10	£50/£30	£320	£50/£30	£320	£50/£30	£320	£50/£30	£320	£50/£30	£320	£30/£20	£210	£30	£30
Subtotal					£370		£370		£370		£370		£370		£260		£80
Construction Charges																	
Connection 50/63mmC	Road	Y	per connection	1	£3,090	£3,090	£3,400	£3,400	£3,070	£3,070	£3,380	£3,380					
Pipe 50/63mmC	Road	Y	per metre	3	£440	£1,320	£470	£1,410	£520	£1,560	£550	£1,650					
Pipe 50/63mmC	unmad	Y	per metre	4	£120	£480	£150	£600	£140	£560	£180	£720					
Traffic Management	Included in Connection and Pipelaying fees																
Internal Meters 20mm in line	N	per meter	10	£130	£1,100	£130	£1,100	£130	£1,300	£130	£1,300	£130	£1,300	£130	£1,300		
Subtotal					£5,990		£6,510		£6,490		£7,050		£7,050		£1,300		
Other Charges																	
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£0	£330
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£0	£330
Subtotal					£660		£660		£660		£660		£660		£660		£660
Infrastructure Charges																	
Infrastructure Charge (water)	N	per property	10	£400	4000	£400	£4,000	£445	£4,450	£445	£4,450	£445	£4,450	£445	£4,450	£445	£4,450
Infrastructure Charge (wastewater)	N	per property	10	£365	£3,650	£365	£3,650	£320	£3,200	£320	£3,200	£320	£3,200	£320	£3,200	£320	£3,200
Subtotal					£7,650		£7,650		£7,650		£7,650		£7,650		£7,650		£7,650
Income Offset																	
Income Offset (water)	N	per property	10	-£230	-£2,300	-£230	-£2,300	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	10	-£15	-£150	-£15	-£150	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					-£2,450		-£2,450		£0		£0		£0		£0		£0
Total Scheme Cost before Environmental					£12,220		£12,740		£15,170		£15,730		£15,730		£9,870		£8,390
									24.1%		23.5%						
Environmental Discount Water Tier 1	N	per property	10	£0	£0	£0	£0	-£200	-£2,000	-£200	-£2,000	-£200	-£2,000	-£200	-£2,000	-£200	-£2,000
Environmental Discount Waste	N	per property	10	£0	£0	£0	£0	-£25	-£250	-£25	-£250	-£25	-£250	-£25	-£250	-£25	-£250
Subtotal					£0		£0		-£2,250		-£2,250		-£2,250		-£2,250		-£2,250
Total Scheme Cost including Environmental Incentive					£12,220		£12,740		£12,920		£13,480		£13,480		£7,620		£6,140
									5.7%		5.8%						

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

Scenario 3: Medium housing development 50 properties – customer excavation & reinstatement

50 service connections off new mains, each with 3 metres of pipelaying in customer excavation. Plus, a total of 300m of New Mains of which 10m of 125mm pipelaying in road, 190m of 125mm pipe and 100m of 90mm pipe laid in customer excavated and reinstated ground.

Item	Contestable (Y/N)	Unit	Quantity	Thames Water Delivered								Alternative Delivery Method				
				2021/22				2022/23				2022/23				
				Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Self-Lay Rate	Self-Lay Charge	Nav Rate	Nav Charge	
Pre-construction Charges																
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	
Administration Fee	Not charged by Thames Water															
Design Fee (Design checking for self lay)	Y	Property Band	50+	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£400	£400	£250	£250
Subtotal				£1,050		£1,050		£1,050		£1,050		£450		£300		
Construction Charges																
Connection 125mm	Road	N (CA*)	per connection	1	£5,820	£5,820	£5,820	£5,820	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670
Pipe 125mm	Road	Y	per metre	9	£830	£7,470	£900	£8,100	£750	£6,750	£850	£7,650				
Pipe 125mm	Customer Excavation	Y	per metre	190	£120	£22,800	£210	£39,900	£110	£20,900	£190	£36,100				
Pipe 80/90mm	Customer Excavation	Y	per metre	100	£110	£11,000	£150	£15,000	£100	£10,000	£140	£14,000				
Traffic Management	Included in Connection and Pipelaying fees															
Subtotal				£47,090		£68,820		£44,320		£64,420		£6,670		£6,670		
Connection 25/32mm	Customer Excavation	Y	per connection	50	£340	£17,000	£610	£30,500	£340	£17,000	£610	£30,500				
Pipe 25/32mm	Customer Excavation	Y	per metre	100	£30	£3,000	£50	£5,000	£40	£4,000	£60	£6,000				
Traffic Management	Included in Connection and Pipelaying fees															
Meters	Meter included in Connection fee															
Subtotal Service Connections				£20,000		£35,500		£21,000		£36,500						
Subtotal Construction				£67,090		£104,320		£65,320		£100,920		£6,670		£6,670		
Other Charges																
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	
Subtotal				£660		£660		£660		£660		£660		£660		
Infrastructure Charges																
Infrastructure Charge (water)	N	per property	50	£400	£20,000	£400	£20,000	£445	£22,250	£445	£22,250	£445	£22,250	£445	£22,250	
Infrastructure Charge (wastewater)	N	per property	50	£365	£18,250	£365	£18,250	£320	£16,000	£320	£16,000	£320	£16,000	£320	£16,000	
Subtotal				£38,250		£38,250		£38,250		£38,250		£38,250		£38,250		
Income Offset																
Income Offset (water)	N	per property	50	-£230	-£11,500	-£230	-£11,500	£0	£0	£0	£0	£0	£0	£0	£0	
Income Offset (wastewater)	N	per property	50	-£15	-£750	-£15	-£750	£0	£0	£0	£0	£0	£0	£0	£0	
Subtotal				-£12,250		-£12,250		£0		£0		£0		£0		
Total Scheme Cost before Environmental Incentive				£94,800		£132,030		£105,280		£140,880		£46,030		£45,880		
								11.1%		6.7%						
Environmental Discount Water Tier 1	N	per property	50	£0	£0	£0	£0	-£200	-£10,000	-£200	-£10,000	-£200	-£10,000	-£200	-£10,000	
Environmental Discount Waste	N	per property	50	£0	£0	£0	£0	-£25	-£1,250	-£25	-£1,250	-£25	-£1,250	-£25	-£1,250	
Subtotal				£0		£0		-£11,250		-£11,250		-£11,250		-£11,250		
Total Scheme Cost including Environmental Incentive				£94,800		£132,030		£94,030		£129,630		£34,780		£34,630		
								-0.8%		-1.8%						

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

* Mains Connection is contestable depending on accreditation. This example assumes no accreditation and Thames carries out the connection

Scenario 4: Medium housing development 50 properties – Thames’s excavation & reinstatement

50 service connections off new mains, each with 3 metres of pipelaying in customer excavation. Plus, a total of 300m of New Mains of which 10m of 125mm pipelaying in road, 50m of 125mm pipe in footpath, 140m of 125mm pipe and 100m of 90mm pipe in unmade ground.

Item	Contestable (Y/N)	Unit	Quantity	Thames Water Delivered								Alternative Delivery Method				
				2021/22				2022/23				2022/23				
				Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Self-Lay Rate	Self-Lay Charge	Nav Rate	Nav Charge	
Pre-construction Charges																
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	
Administration Fee	Not charged by Thames Water															
Design Fee (Design checking for self lay)	Y	Property Band	50+	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£400	£400	£250	£250
Subtotal					£1,050		£1,050		£1,050		£1,050		£450		£300	
Construction Charges																
Connection 125mm	Road	N (CA*)	per connection	1	£5,820	£5,820	£5,820	£5,820	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670
Pipe 125mm	Road	Y	per metre	9	£830	£7,470	£900	£8,100	£750	£6,750	£850	£7,650				
Pipe 125mm	Footpath	Y	per metre	50	£760	£38,000	£840	£42,000	£710	£35,500	£800	£40,000				
Pipe 125mm	Unmade	Y	per metre	140	£280	£39,200	£360	£50,400	£260	£36,400	£330	£46,200				
Pipe 80/90mm	Unmade	Y	per metre	100	£260	£26,000	£300	£30,000	£250	£25,000	£270	£27,000				
Traffic Management	Included in Connection and Pipelaying fees															
Subtotal Main					£116,490		£136,320		£110,320		£127,520		£6,670		£6,670	
Connection 25/32mm	Unmade	Y	per connection	50	£560	£28,000	£850	£42,500	£560	£28,000	£850	£42,500				
Pipe 25/32mm	Unmade	Y	per metre	100	£110	£11,000	£120	£12,000	£130	£13,000	£140	£14,000				
Traffic Management	Included in Connection and Pipelaying fees															
Meters	Meter included in Connection fee															
Subtotal Service Connections					£39,000		£54,500		£41,000		£56,500		£6,670		£6,670	
Subtotal Construction					£155,490		£190,820		£151,320		£184,020		£6,670		£6,670	
Other Charges																
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	
Subtotal					£660		£660		£660		£660		£660		£660	
Infrastructure Charges																
Infrastructure Charge (water)	N	per property	50	£400	£20,000	£400	£20,000	£445	£22,250	£445	£22,250	£445	£22,250	£445	£22,250	
Infrastructure Charge (wastewater)	N	per property	50	£365	£18,250	£365	£18,250	£320	£16,000	£320	£16,000	£320	£16,000	£320	£16,000	
Subtotal					£38,250		£38,250		£38,250		£38,250		£38,250		£38,250	
Income Offset																
Income Offset (water)	N	per property	50	-£230	-£11,500	-£230	-£11,500	£0	£0	£0	£0	£0	£0	£0	£0	
Income Offset (wastewater)	N	per property	50	-£15	-£750	-£15	-£750	£0	£0	£0	£0	£0	£0	£0	£0	
Subtotal					-£12,250		-£12,250		£0		£0		£0		£0	
Total Scheme Cost before Environmental Incentive					£183,200		£218,530		£191,280		£223,980		£46,030		£45,880	
									4.4%		2.5%					
Environmental Discount Water Tier 1	N	per property	50	£0	£0	£0	£0	-£200	-£10,000	-£200	-£10,000	-£200	-£10,000	-£200	-£10,000	
Environmental Discount Waste	N	per property	50	£0	£0	£0	£0	-£25	-£1,250	-£25	-£1,250	-£25	-£1,250	-£25	-£1,250	
Subtotal					£0		£0		-£11,250		-£11,250		-£11,250		-£11,250	
Total Scheme Cost including Environmental Incentive					£183,200		£218,530		£180,030		£212,730		£34,780		£34,630	
									-1.7%		-2.7%					

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

* Mains Connection is contestable depending on accreditation. This example assumes no accreditation and Thames carries out the connection

Scenario 5: Large housing development 200 properties – customer excavation & reinstatement
 200 service connections off new mains, each with 3 metres of pipelaying in customer excavation. Plus, a total of 1000m of New Mains of which 20m of 180mm pipelaying in road, 100m of 180mm pipe, 480m of 125mm pipe and 400m of 90mm pipe laid in customer excavated and reinstated ground.

Item	Contestable (Y/N)	Unit	Quantity	Thames Water Delivered								Alternative Delivery Method			
				2021/22				2022/23				2022/23			
				Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Self-Lay Rate	Self-Lay Charge	Nav Rate	Nav Charge
Pre-construction Charges															
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50
Administration Fee	Not charged by Thames Water														
Design Fee (Design checking for self lay)	Y	Property Band	50+	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£400	£250
Subtotal					£1,050		£1,050		£1,050		£1,050		£1,050		£300
Construction Charges															
Connection 180mm	Road	N (CA*)	per connection	1	£7,370	£7,370	£7,370	£7,370	£8,450	£8,450	£8,450	£8,450	£8,450	£8,450	£8,450
Pipe 180mm	Road	Y	per metre	19	£930	£17,670	£1,090	£20,710	£840	£15,960	£1,000	£19,000	£8,450	£8,450	£8,450
Pipe 180mm	Customer Excavation	Y	per metre	100	£160	£16,000	£310	£31,000	£150	£15,000	£280	£28,000	£8,450	£8,450	£8,450
Pipe 125mm	Customer Excavation	Y	per metre	480	£120	£57,600	£210	£100,800	£110	£52,800	£190	£91,200	£8,450	£8,450	£8,450
Pipe 80/90mm	Customer Excavation	Y	per metre	400	£110	£44,000	£150	£60,000	£100	£40,000	£140	£56,000	£8,450	£8,450	£8,450
Traffic Management	Included in Connection and Pipelaying fees														
Subtotal Main					£142,640		£219,880		£132,210		£202,650		£8,450		£8,450
Connection 25/32mm	Customer Excavation	Y	per connection	200	£340	£68,000	£610	£122,000	£340	£68,000	£610	£122,000	£8,450	£8,450	£8,450
Pipe 25/32mm	Customer Excavation	Y	per metre	400	£30	£12,000	£50	£20,000	£40	£16,000	£60	£24,000	£8,450	£8,450	£8,450
Traffic Management	Included in Connection and Pipelaying fees														
Meters	Meter included in Connection fee														
Subtotal Service Connections					£80,000		£142,000		£84,000		£146,000		£8,450		£8,450
Subtotal Construction					£222,640		£361,880		£216,210		£348,650		£8,450		£8,450
Other Charges															
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Subtotal					£660		£660		£660		£660		£660		£660
Infrastructure Charges															
Infrastructure Charge (water)	N	per property	200	£400	£80,000	£400	£80,000	£445	£89,000	£445	£89,000	£445	£89,000	£445	£89,000
Infrastructure Charge (wastewater)	N	per property	200	£365	£73,000	£365	£73,000	£320	£64,000	£320	£64,000	£320	£64,000	£320	£64,000
Subtotal					£153,000		£153,000		£153,000		£153,000		£153,000		£153,000
Income Offset															
Income Offset (water)	N	per property	200	-£230	-£46,000	-£230	-£46,000	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	200	-£15	-£3,000	-£15	-£3,000	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					-£49,000		-£49,000		£0		£0		£0		£0
Total Scheme Cost before Environmental Incentive					£328,350		£467,590		£370,920		£503,360		£162,560		£162,410
								13.0%			7.6%				
Environmental Discount Water Tier 1	N	per property	200	£0	£0	£0	£0	-£200	-£40,000	-£200	-£40,000	-£200	-£40,000	-£200	-£40,000
Environmental Discount Waste	N	per property	200	£0	£0	£0	£0	-£25	-£5,000	-£25	-£5,000	-£25	-£5,000	-£25	-£5,000
Subtotal					£0		£0		-£45,000		-£45,000		-£45,000		-£45,000
Total Scheme Cost including Environmental Incentive					£328,350		£467,590		£325,920		£458,360		£117,560		£117,410
								-0.7%			-2.0%				

C = Contestable, CA = Contestable depending on accreditation, NC = Non-Contestable

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

* Mains Connection is contestable depending on accreditation. This example assumes no accreditation and Thames carries out the connection

Scenario 6: Large housing development 200 properties – Thames’s excavation & reinstatement

200 service connections off new mains, each with 3 metres of pipelaying in customer excavation. Plus, a total of 1000m of New Mains of which 20m of 180mm pipelaying in road, 100m of 180mm pipe in footpath, 480m of 125mm pipe and 400m of 90mm pipe laid in unmade ground.

Item	Contestable (Y/N)	Unit	Quantity	Thames Water Delivered								Alternative Delivery Method 2022/23				
				2021/22				2022/23				Self-Lay Rate	Self-Lay Charge	Nav Rate	Nav Charge	
				Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge					
Pre-construction Charges																
Application Fee	N	per application	1	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50		
Administration	Not charged by Thames Water															
Design Fee (Design checking for self lay)	Y	Property Band	50+	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£400	£400	£250	£250
Subtotal				£1,050			£1,050		£1,050			£1,050		£450		£300
Construction Charges																
Connection 180mm	Road	N (CA*)	per connection	1	£5,820	£5,820	£5,820	£5,820	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670
Pipe 125mm	Road	Y	per metre	19	£830	£15,770	£900	£17,100	£750	£14,250	£850	£16,150				
Pipe 125mm	Footpath	Y	per metre	100	£760	£76,000	£840	£84,000	£710	£71,000	£800	£80,000				
Pipe 125mm	Unmade	Y	per metre	480	£280	£134,400	£360	£172,800	£260	£124,800	£330	£158,400				
Pipe 80/90mm	Unmade	Y	per metre	400	£260	£104,000	£300	£120,000	£250	£100,000	£270	£108,000				
Traffic Management	Included in Connection and Pipelaying fees															
Subtotal Main					£335,990		£399,720		£316,720		£369,220			£6,670		£6,670
Connection 25/32mm	Unmade	Y	per connection	200	£560	£112,000	£850	£170,000	£560	£112,000	£850	£170,000				
Pipe 25/32mm	Unmade	Y	per metre	400	£110	£44,000	£120	£48,000	£130	£52,000	£140	£56,000				
Traffic Management	Included in Connection and Pipelaying fees															
Meters	Meter included in Connection fee															
Subtotal Service Connections					£156,000		£218,000		£164,000		£226,000					
Subtotal Construction					£491,990		£817,720		£480,720		£595,220			£6,670		£6,670
Other Charges																
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330	£330
Subtotal					£660		£660		£660		£660			£660		£660
Infrastructure Charges																
Infrastructure Charge (water)	N	per property	200	£400	£80,000	£400	£80,000	£445	£89,000	£445	£89,000	£445	£89,000	£445	£89,000	£89,000
Infrastructure Charge (wastewater)	N	per property	200	£365	£73,000	£365	£73,000	£320	£64,000	£320	£64,000	£320	£64,000	£320	£64,000	£64,000
Subtotal					£153,000		£153,000		£153,000		£153,000			£153,000		£153,000
Income Offset																
Income Offset (water)	N	per property	200	-£230	£-46,000	-£230	£-46,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	200	-£15	£-3,000	-£15	£-3,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					-£49,000		-£49,000		£0		£0			£0		£0
Total Scheme Cost before Environmental Incentive					£597,700		£723,430		£635,430		£749,930			£160,780		£160,630
									6.3%		3.7%					
Environmental Discount Water Tier 1	N	per property	200	£0	£0	£0	£0	-£200	£-40,000	-£200	£-40,000	-£200	£-40,000	-£200	£-40,000	-£40,000
Environmental Discount Waste	N	per property	200	£0	£0	£0	£0	-£25	£-5,000	-£25	£-5,000	-£25	£-5,000	-£25	£-5,000	-£5,000
Subtotal					£0		£0		-£45,000		-£45,000			-£45,000		-£45,000
Total Scheme Cost including Environmental Incentive					£597,700		£723,430		£590,430		£704,930			£115,780		£115,630
									-1.2%		-2.6%					

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

* Mains Connection is contestable depending on accreditation. This example assumes no accreditation and Thames carries out the connection

Scenario 7: Large block of 200 flats

180mm Connection to an existing main in the road. 8 metre of pipework in the road, and 3 metres in the footpath.

				Thames Water Delivered							
				2021/22				2022/23			
Item	Contestable (Y/N)	Unit	Quantity	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge	Rate	Charge	Barrier pipe uplift rate	Barrier Pipe Total Charge
Pre-construction Charges											
Application Fee	NC	per application	1	£50	£50	£50	£50	£50	£50	£50	£50
Administration Fee		Not charged by Thames Water									
Design Fee (Design checking for self lay)	Y	per property	200	£50/£30	£6,020	£50/£30	£6,020	£50/£30	£6,020	£50/£30	£6,020
Subtotal					£6,070		£6,070		£6,070		£6,070
Construction Charges											
Connection 180mm	Road	N (CA*)	per connection	1	£7,170	£3,090	£7,570	£7,570	£8,210	£8,210	£8,670
Pipe 180mm	Road	N (CA*)	per metre	7	£930	£1,320	£1,090	£7,630	£1,090	£3,270	£1,290
Pipe 180mm	Footpath	N (CA*)	per metre	3	£740	£480	£1,000	£3,000	£840	£3,360	£1,180
Traffic Management		Included in Connection and Pipelaying fees									
Internal Meters 20mm in line	N	per meter	200	£130	£26,000	£130	£26,000	£130	£26,000	£130	£26,000
Subtotal					£30,890		£44,200		£40,840		£47,240
Other Charges											
Consent to connect (foul water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330
Consent to connect (surface water)	N	per connection	1	£330	£330	£330	£330	£330	£330	£330	£330
Subtotal					£660		£660		£660		£660
Infrastructure Charges											
Infrastructure Charge (water)	N	per property	200	£400	80,000	£400	£80,000	£445	£89,000	£445	£89,000
Infrastructure Charge (wastewater)	N	per property	200	£365	£73,000	£365	£73,000	£320	£64,000	£320	£64,000
Subtotal					£153,000		£153,000		£153,000		£153,000
Income Offset											
Income Offset (water)	N	per property	200	-£230	-46,000	-£230	-£46,000	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	200	-£15	-3,000	-£15	-£3,000	£0	£0	£0	£0
Subtotal					-£49,000		-£49,000		£0		£0
Total Scheme Cost before Environmental Incentive					£141,620		£154,930		£200,570		£206,970
									41.6%		33.6%
Environmental Discount Water Tier 1	N	per property	200	£0	£0	£0	£0	-£200	-£40,000	-£200	-£40,000
Environmental Discount Waste	N	per property	200	£0	£0	£0	£0	-£25	-£5,000	-£25	-£5,000
Subtotal					£0		£0		-£45,000		-£45,000
Total Scheme Cost including Environmental Incentive					£141,620		£154,930		£155,570		£161,970
									9.9%		4.5%

Note: the external meter and first metre of pipelaying is included in the published connection charge. Charges also include typical traffic management.

* All of the activity in this scenario is contestable depending on accreditation. This example assumes no accreditation and Thames carries out all the activity, so there are no alternate provider scenarios.

Declaration

1. We confirm on behalf of the Board, that the Company has followed robust and rigorous procedures in developing and approving the 2022-23 Charging Arrangements for new connections.
2. This document is signed by Alastair Cochran (Chief Financial Officer), Cathryn Ross (Strategy & Regulatory Affairs Director) and Nick Land (Senior Independent Non-Executive Director) on behalf of the Board.

Dated: 21 January 2022



Signed:

Alastair Cochran, Chief Financial Officer

Dated: 21 January 2022



Signed:

Cathryn Ross, Strategy & Regulatory Affairs Director

Dated: 21 January 2022



Signed:

Nick Land, Senior Independent Non-Executive Director

For and on behalf of Thames Water Utilities Limited

