



Statement of significant change: 2023-24 Charging Arrangements for New Connection Services

Thames Water Utilities Limited (TWUL)
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Thames Water Utilities Limited

Statement of Significant Change: 2023/24 Charging Arrangements for New Connection Services

Introduction

1. The Statement of Significant Change for the 2023-24 Charging Arrangements sets out any significant changes in charging policy for the Financial Year 2023-24 and whether the bill for typical developments is expected to increase by more than 10% from the previous year. This is version 1.1 updated on 22 February 2023 to correct table headings in sections 6 and 7 only.
2. This statement is made in accordance with Ofwat Information notice (IN 22/03 September 2022) and New Connections Charging Rules A2 and A3 and confirms:
 - a. what changes have been made to charging policy in 2023-24
 - b. the size of the price 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 TWUL Board of Directors has assessed and approved the impacts on customers' bills and the handling strategies that have been adopted

Significant changes to our new connections charging policy for 2023-24

3. The following changes have been made to our charging policies for 2023-24
 - a. We have let new contracts for our new connection's activity commencing April 2023. Our tariffs have been updated to reflect the prices in the new contracts. We have ensured that our tariffs do not include any blending between mains and service connections costs as identified in last year's handling strategy.
 - b. The volume forecast for activity for 2023-24 has been reviewed as developer activity has slowed in the current economic climate, which has an impact on our tariffs. We have also reviewed the projected growth forecast for the 5-year period required for setting infrastructure charges. We have considered the current decline in developer activity against a shortfall in housing and have predicted a small year-on-year increase in activity levels will occur after a further reduction in 2023-24.
 - c. We have reviewed the qualifying criteria for our environmental discounts and made amendments to make them more accessible for smaller developments.

Information about significant changes on typical developments

4. Removal of the 2022-23 handling strategy

Last year we introduced a handling strategy to limit price volatility, with price changes being deferred until 2023-24 to allow a comprehensive review of price changes resulting from the new contractual arrangements for delivery of new connections activity which will be in place for April 2023. As the work mix continues to be impacted by the current

economic climate, and the new contractual arrangements are now in place, these price changes will now be passed onto developers to reflect cost of service.

5. Contract prices

We have followed a competitive tender process to appoint new suppliers to deliver our new connections activity from April 2023. These new contract prices reflect the current market rates for delivering new connections services and the prices are impacted by high inflation, high fuel costs and materials and labour shortages. We are passing these costs onto customers in 2023-24 as they reflect the cost of providing the new connections service. However, this contract will run for a 5-year term, effective from 1 April 2023, and we expect that future connection prices should only be impacted by inflation, materials costs, volume changes and work mix.

6. Infrastructure charges

The below tables reflect the changes to the infrastructure charges for 2023-24. The significant increase in prices has been predominately caused by the vast reduction in forecasted new property connections.

Whilst there has been some reduction in the cost forecast for network reinforcement, the majority of the developments previously identified as requiring network reinforcement are expected to progress within the next 5 years. Therefore, the costs forecast for network reinforcement has not decreased at the same rate as the reduction in forecasted new property connections.

	2022/23	2023/24	Net change	% Change
Water Infrastructure Charge	£445	£660	£215	48%
Waste Infrastructure Charge	£320	£380	£60	19%
Combined	£765	£1,040	£275	36%

Handling strategies to mitigate significant bill increases.

7. Environmental Incentives

The below tables reflect the changes to the Environmental discounts for 2023-24. We have reviewed the qualifying criteria to make the discounts available to a larger proportion of developments. We are making tier 1 accessible to multi-occupancy buildings such as student accommodation and we have doubled the value of discount available. For tier 2, we are removing the requirement for water re-use of a minimum of 50 litres/property/day water and replacing it with alternatives for rainwater harvesting and greywater recycling that can be utilised in smaller developments.

	2022/23	2023/24	Net change	% change
WaterTier 1	£200	£400	£200	100%
WaterTier 2	£1,000	£1,000	£0	-
WaterTier 3	£1,800	£1,800	£0	-
Waste	£25	£30	£5	20%
Combined			£205	

Impact on customers

8. The combined impact of the price changes in sections 4,5,6, and 7 above is as follows (assuming environmental incentives for Water tier 1 and Waste are applied):

	2022/23	2023/24	% Increase
Single Property - Short Connection	4,600	6,760	47%
50 House Development - Customer excav/rein	94,780	115,900	22%
50 House Development - TW	180,780	219,900	22%
200 House Development - Customer excav/rein	326,760	388,570	19%
200 House Development - TW	586,980	758,500	29%
Block of 10 Flats	12,920	17,825	38%
Large Block of 200 Flats	155,570	193,545	24%

Breakdown of increase for 2023-24

Connection Fee	Infra Charge	Environmental Discount
45%	6%	-4%
18%	15%	-11%
20%	8%	-6%
15%	17%	-13%
27%	9%	-7%
32%	21%	-16%
15%	35%	-26%

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 connections to an existing main, in the road with 4 metres of pipelaying.

				Thames Water Delivered								Alternative Delivery Method	
				2022/23				2023/24				2023/24	
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	Self-Lay Rate	Self-Lay Charge
Pre-construction Charges													
Application Fee	N	per application	1	£50	£50	£50	£50	£55	£55	£55	£55	£55	£55
Administration Fee	Not charged by Thames Water												
Design Fee (Design checking for self lay)	Y	per property	1	£50	£50	£50	£50	£55	£55	£55	£50	£35	£35
Subtotal					£100		£100		£110		£105		£90
Construction Charges													
Connection 25/32mm	Road	Y	per connection	1	£1,860	£1,860	£2,130	£2,130	£3,490	£3,490	£4,170	£4,170	
Pipe 25/32mm	Road	Y	per metre	3	£480	£1,440	£490	£1,470	£630	£1,890	£710	£2,130	
Traffic Management	Included in Connection and Pipelaying fees												
Meters	Meter included in Connection fee												
Subtotal					£3,300		£3,600		£5,380		£6,300		£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	£445	£445	£445	£445	£660	£660	£660	£660	£660	£660
Infrastructure Charge (wastewater)	N	per property	1	£320	£320	£320	£320	£380	£380	£380	£380	£380	£380
Subtotal					£765		£765		£1,040		£1,040		£1,040
Income Offset													
Income Offset (water)	N	per property	1	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	1	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					£0		£0		£0		£0		£0
Total Scheme Cost before Environmental Incentive					£4,825		£5,125		£7,190		£8,105		£1,790
								49.0%			58.1%		
Environmental Discount Water Tier 1	N	per property	1	-£200	-£200	-£200	-£200	-£400	-£400	-£400	-£400	-£400	-£400
Environmental Discount Waste	N	per property	1	-£25	-£25	-£25	-£25	-£30	-£30	-£30	-£30	-£30	-£30
Subtotal					-£225		-£225		-£430		-£430		-£430
Total Scheme Cost including Environmental Incentive					£4,600		£4,900		£6,760		£7,675		£1,360
								47.0%			56.6%		

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 connections 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				
				2022/23				2023/24				2023/24				
				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	£55	£55	£55	£55	£55	£55	£55	£55	£55
Administration Fee	Not charged by Thames Water															
Design Fee (Design checking for self lay)	Y	per property	10	£50/£30	£320	£50/£30	£320	£55/£35	£370	£55/£35	£370	£35/£25	£260	£35	£35	£35
Subtotal					£370		£370		£425		£425		£315		£90	
Construction Charges																
Connection 50/63mmC	Road	Y	per connection	1	£3,070	£3,070	£3,380	£3,380	£5,630	£5,630	£6,410	£6,410				
Pipe 50/63mmC	Road	Y	per metre	3	£520	£1,560	£550	£1,650	£650	£1,950	£730	£2,190				
Pipe 50/63mmC	Unmade	Y	per metre	4	£140	£560	£180	£720	£240	£960	£280	£1,120				
Traffic Management	Included in Connection and Pipelaying fees															
Internal Meters 20mm in line	N	per meter	10	£130	£1,300	£130	£1,300	£210	£2,100	£210	£2,100	£210	£2,100	£210	£2,100	£210
Subtotal					£6,490		£7,050		£10,640		£11,820		£2,100			
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	10	£445	4450	£445	£4,450	£660	£6,600	£660	£6,600	£660	£6,600	£660	£6,600	£6,600
Infrastructure Charge (wastewater)	N	per property	10	£320	£3,200	£320	£3,200	£380	£3,800	£380	£3,800	£380	£3,800	£380	£3,800	£3,800
Subtotal					£7,650		£7,650		£10,400		£10,400		£10,400		£10,400	
Income Offset																
Income Offset (water)	N	per property	10	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	10	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					£0		£0		£0		£0		£0		£0	
Total Scheme Cost before Environmental Incentive					£15,170		£15,730		£22,125		£23,305		£13,475		£11,150	
									45.8%		48.2%					
Environmental Discount Water Tier 1	N	per property	10	-£200	-£2,000	-£200	-£2,000	-£400	-£4,000	-£400	-£4,000	-£400	-£4,000	-£400	-£4,000	-£4,000
Environmental Discount Waste	N	per property	10	-£25	-£250	-£25	-£250	-£30	-£300	-£30	-£300	-£30	-£300	-£30	-£300	-£300
Subtotal					-£2,250		-£2,250		-£4,300		-£4,300		-£4,300		-£4,300	
Total Scheme Cost including Environmental Incentive					£12,920		£13,480		£17,825		£19,005		£9,175		£6,850	
									38.0%		41.0%					

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			
				2022/23				2023/24				2023/24			
				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	£55	£55	£55	£55	£55	£55	£55	£55
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	£1,145	£1,145	£1,145	£1,145	£460	£460	£285	£285
Subtotal				£1,050				£1,050				£1,200		£1,200	
Construction Charges															
Connection 125mm	Road	N (CA*)	per connection	1	£6,670	£6,670	£6,670	£6,670	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040
Pipe 125mm	Road	Y	per metre	10	£750	£7,500	£850	£8,500	£650	£6,500	£680	£6,800			
Pipe 125mm	Customer Excavation	Y	per metre	190	£110	£20,900	£190	£36,100	£150	£28,500	£170	£32,300			
Pipe 80/90mm	Customer Excavation	Y	per metre	100	£100	£10,000	£140	£14,000	£120	£12,000	£150	£15,000			
Traffic Management	Included in Connection and Pipelaying fees														
Subtotal Main				£45,070				£65,270				£59,040		£66,140	
Connection 25/32mm	Customer Excavation	Y	per connection	50	£340	£17,000	£610	£30,500	£430	£21,500	£750	£37,500			
Pipe 25/32mm	Customer Excavation	Y	per metre	100	£40	£4,000	£60	£6,000	£30	£3,000	£40	£4,000			
Traffic Management	Included in Connection and Pipelaying fees														
Meters	Meter included in Connection fee														
Subtotal Service Connections				£21,000				£36,500				£24,500		£41,500	
Subtotal Construction				£66,070				£101,770				£83,540		£107,640	
Other Charges															
Consent to connect (foul water)	N	per connection	1	£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	
Subtotal				£660				£660				£660		£660	
Infrastructure Charges															
Infrastructure Charge (water)	N	per property	50	£445	£22,250	£445	£22,250	£660	£33,000	£660	£33,000	£660	£33,000	£660	£33,000
Infrastructure Charge (wastewater)	N	per property	50	£320	£16,000	£320	£16,000	£380	£19,000	£380	£19,000	£380	£19,000	£380	£19,000
Subtotal				£38,250				£38,250				£52,000		£52,000	
Income Offset															
Income Offset (water)	N	per property	50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Income Offset (wastewater)	N	per property	50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Subtotal				£0				£0				£0		£0	
Total Scheme Cost before Environmental Incentive				£106,030				£141,730				£137,400		£161,500	
										29.6%		13.9%			
Environmental Discount Water Tier 1	N	per property	50	-£200	-£10,000	-£200	-£10,000	-£400	-£20,000	-£400	-£20,000	-£400	-£20,000	-£400	-£20,000
Environmental Discount Waste	N	per property	50	-£25	-£1,250	-£25	-£1,250	-£30	-£1,500	-£30	-£1,500	-£30	-£1,500	-£30	-£1,500
Subtotal				-£11,250				-£11,250				-£21,500		-£21,500	
Total Scheme Cost including Environmental Incentive				£94,780				£130,480				£115,900		£140,000	
										22.3%		7.3%			

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 Water 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 2023/24			
				2022/23				2023/24				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	£55	£55	£55	£55	£55	£55	£55	£55
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	£1,145	£1,145	£1,145	£1,145	£460	£460	£285	£285
Subtotal					£1,050		£1,050		£1,200		£1,200		£515		£340
Construction Charges															
Connection 125mm	Road	N (CA*)	per connection	1	£6,670	£6,670	£6,670	£6,670	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040
Pipe 125mm	Road	Y	per metre	10	£750	£7,500	£850	£8,500	£650	£6,500	£680	£6,800			
Pipe 125mm	Footpath	Y	per metre	50	£710	£35,500	£800	£40,000	£600	£30,000	£630	£31,500			
Pipe 125mm	Unmade	Y	per metre	140	£260	£36,400	£330	£46,200	£300	£42,000	£320	£44,800			
Pipe 80/90mm	Unmade	Y	per metre	100	£250	£25,000	£270	£27,000	£280	£28,000	£290	£29,000			
Traffic Management	Included in Connection and Pipelaying fees														
Subtotal Main					£111,070		£128,370		£118,540		£124,140		£12,040		£12,040
Connection 25/32mm	Unmade	Y	per connection	50	£560	£28,000	£850	£42,500	£920	£46,000	£1,230	£61,500			
Pipe 25/32mm	Unmade	Y	per metre	100	£130	£13,000	£140	£14,000	£230	£23,000	£260	£26,000			
Traffic Management	Included in Connection and Pipelaying fees														
Meters	Meter included in Connection fee														
Subtotal Service Connections					£41,000		£56,500		£69,000		£87,500				
Subtotal Construction					£152,070		£184,870		£187,540		£211,640		£12,040		£12,040
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	£445	£22,250	£445	£22,250	£660	£33,000	£660	£33,000	£660	£33,000	£660	£33,000
Infrastructure Charge (wastewater)	N	per property	50	£320	£16,000	£320	£16,000	£380	£19,000	£380	£19,000	£380	£19,000	£380	£19,000
Subtotal					£38,250		£38,250		£52,000		£52,000		£52,000		£52,000
Income Offset															
Income Offset (water)	N	per property	50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					£0		£0		£0		£0		£0		£0
Total Scheme Cost before Environmental Incentive					£192,030		£224,830		£241,400		£265,500		£65,215		£65,040
									25.7%						18.1%
Environmental Discount Water Tier 1	N	per property	50	-£200	-£10,000	-£200	-£10,000	-£400	-£20,000	-£400	-£20,000	-£400	-£20,000	-£400	-£20,000
Environmental Discount Waste	N	per property	50	-£25	-£1,250	-£25	-£1,250	-£30	-£1,500	-£30	-£1,500	-£30	-£1,500	-£30	-£1,500
Subtotal					-£11,250		-£11,250		-£21,500		-£21,500		-£21,500		-£21,500
Total Scheme Cost including Environmental Incentive					£180,780		£213,580		£219,900		£244,000		£43,715		£43,540
									21.6%						14.2%

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 Water 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			
				2022/23				2023/24				2023/24			
				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	£55	£55	£55	£55	£55	£55	£55	£55
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	£1,145	£1,145	£1,145	£1,145	£460	£460	£285	£285
Subtotal				£1,050		£1,050		£1,200		£1,200		£515		£340	
Construction Charges															
Connection 180mm	Road	N (CA*)	per connection	1	£8,450	£8,450	£8,450	£8,450	£13,110	£13,110	£13,110	£13,110	£13,110	£13,110	£13,110
Pipe 180mm	Road	Y	per metre	20	£840	£16,800	£1,000	£20,000	£780	£15,600	£810	£16,200			
Pipe 180mm	Customer Excavation	Y	per metre	100	£150	£15,000	£280	£28,000	£180	£18,000	£210	£21,000			
Pipe 125mm	Customer Excavation	Y	per metre	480	£110	£52,800	£190	£91,200	£150	£72,000	£170	£81,600			
Pipe 80/90mm	Customer Excavation	Y	per metre	400	£100	£40,000	£140	£56,000	£120	£48,000	£150	£60,000			
Traffic Management	Included in Connection and Pipelaying fees														
Subtotal Main					£133,050		£203,650		£166,710		£191,910		£13,110		£13,110
Connection 25/32mm	Customer Excavation	Y	per connection	200	£340	£68,000	£610	£122,000	£430	£86,000	£750	£150,000			
Pipe 25/32mm	Customer Excavation	Y	per metre	400	£40	£16,000	£60	£24,000	£30	£12,000	£40	£16,000			
Traffic Management	Included in Connection and Pipelaying fees														
Meters	Meter included in Connection fee														
Subtotal Service Connections					£84,000		£146,000		£98,000		£166,000				
Subtotal Construction					£217,050		£349,650		£264,710		£357,910		£13,110		£13,110
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	£445	£89,000	£445	£89,000	£660	£132,000	£660	£132,000	£660	£132,000	£660	£132,000
Infrastructure Charge (wastewater)	N	per property	200	£320	£64,000	£320	£64,000	£380	£76,000	£380	£76,000	£380	£76,000	£380	£76,000
Subtotal					£153,000		£153,000		£208,000		£208,000		£208,000		£208,000
Income Offset															
Income Offset (water)	N	per property	200	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	200	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal					£0		£0		£0		£0		£0		£0
Total Scheme Cost before Environmental Incentive					£371,760		£504,360		£474,570		£567,770		£222,285		£222,110
								27.7%			12.6%				
Environmental Discount Water Tier 1	N	per property	200	-£200	-£40,000	-£200	-£40,000	-£400	-£80,000	-£400	-£80,000	-£400	-£80,000	-£400	-£80,000
Environmental Discount Waste	N	per property	200	-£25	-£5,000	-£25	-£5,000	-£30	-£6,000	-£30	-£6,000	-£30	-£6,000	-£30	-£6,000
Subtotal					-£45,000		-£45,000		-£86,000		-£86,000		-£86,000		-£86,000
Total Scheme Cost including Environmental Incentive					£326,760		£459,360		£388,570		£481,770		£136,285		£136,110
								18.9%			4.9%				

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 Water 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 2023/24			
				2022/23				2023/24				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	£55	£55	£55	£55	£55	£55	£55	£55
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	£1,145	£1,145	£1,145	£1,145	£460	£460	£285	£285
Subtotal				£1,050				£1,050				£1,200		£1,200	
Construction Charges															
Connection 180mm	Road	N (CA*)	per connection	1	£6,670	£6,670	£6,670	£6,670	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040	£12,040
Pipe 180mm	Road	Y	per metre	20	£840	£16,800	£850	£17,000	£780	£15,600	£810	£16,200			
Pipe 180mm	Footpath	Y	per metre	100	£650	£65,000	£800	£80,000	£750	£75,000	£780	£78,000			
Pipe 125mm	Unmade	Y	per metre	480	£260	£124,800	£330	£158,400	£300	£144,000	£320	£153,600			
Pipe 80/90mm	Unmade	Y	per metre	400	£250	£100,000	£270	£108,000	£280	£112,000	£290	£116,000			
Traffic Management	Included in Connection and Pipelaying fees														
Subtotal Main				£313,270				£370,070				£358,640		£375,840	
Connection 25/32mm	Unmade	Y	per connection	200	£560	£112,000	£850	£170,000	£920	£184,000	£1,230	£246,000			
Pipe 25/32mm	Unmade	Y	per metre	400	£130	£52,000	£140	£56,000	£230	£92,000	£260	£104,000			
Traffic Management	Included in Connection and Pipelaying fees														
Meters	Meter included in Connection fee														
Subtotal Service Connections				£164,000				£226,000				£276,000		£350,000	
Subtotal Construction				£477,270				£596,070				£634,640		£725,840	
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	
Infrastructure Charges															
Infrastructure Charge (water)	N	per property	200	£445	£89,000	£445	£89,000	£660	£132,000	£660	£132,000	£660	£132,000	£660	£132,000
Infrastructure Charge (wastewater)	N	per property	200	£320	£64,000	£320	£64,000	£380	£76,000	£380	£76,000	£380	£76,000	£380	£76,000
Subtotal				£153,000				£153,000				£208,000		£208,000	
Income Offset															
Income Offset (water)	N	per property	200	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income Offset (wastewater)	N	per property	200	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal				£0				£0				£0		£0	
Total Scheme Cost before Environmental Incentive				£631,980				£750,780				£844,500		£935,700	
										33.6%		24.6%			
Environmental Discount Water Tier 1	N	per property	200	-£200	-£40,000	-£200	-£40,000	-£400	-£80,000	-£400	-£80,000	-£400	-£80,000	-£400	-£80,000
Environmental Discount Waste	N	per property	200	-£25	-£5,000	-£25	-£5,000	-£30	-£6,000	-£30	-£6,000	-£30	-£6,000	-£30	-£6,000
Subtotal				-£45,000				-£45,000				-£86,000		-£86,000	
Total Scheme Cost including Environmental Incentive				£586,980				£705,780				£758,500		£849,700	
										29.2%		20.4%			

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 Water 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								
				2022/23				2023/24				
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}	N	per application	1	£50	£50	£50	£50	£55	£55	£55	£55	
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	£55/£35	£7,020	£55/£35	£7,020	
Subtotal					£6,070		£6,070		£7,075		£7,075	
Construction Charges												
Connection 180mm	Road	N (CA*)	per connection	1	£8,210	£8,210	£8,670	£8,670	£15,740	£15,740	£16,660	£16,660
Pipe 180mm	Road	N (CA*)	per metre	7	£1,090	£3,270	£1,290	£9,030	£970	£2,910	£970	£6,790
Pipe 180mm	Footpath	N (CA*)	per metre	3	£840	£3,360	£1,180	£3,540	£790	£3,160	£830	£2,490
Traffic Management	Included in Connection and Pipelaying fees											
Internal Meters 20mm in line	N	per meter	200	£130	£26,000	£130	£26,000	£210	£42,000	£210	£42,000	
Subtotal					£40,840		£47,240		£63,810		£67,940	
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	£445	89000	£445	£89,000	£660	£132,000	£660	£132,000	
Infrastructure Charge (wastewater)	N	per property	200	£320	£64,000	£320	£64,000	£380	£76,000	£380	£76,000	
Subtotal					£153,000		£153,000		£208,000		£208,000	
Income Offset												
Income Offset (water)	N	per property	200	£0	0	£0	£0	£0	£0	£0	£0	
Income Offset (wastewater)	N	per property	200	£0	0	£0	£0	£0	£0	£0	£0	
Subtotal					£0		£0		£0		£0	
Total Scheme Cost before Environmental Incentive					£200,570		£206,970		£279,545		£283,675	
								39.4%			37.1%	
Environmental Discount Water Tier 1	N	per property	200	-£200	-£40,000	-£200	-£40,000	-£400	-£80,000	-£400	-£80,000	
Environmental Discount Waste	N	per property	200	-£25	-£5,000	-£25	-£5,000	-£30	-£6,000	-£30	-£6,000	
Subtotal					-£45,000		-£45,000		-£86,000		-£86,000	
Total Scheme Cost including Environmental Incentive					£155,570		£161,970		£193,545		£197,675	
								24.4%			22.0%	

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 Water 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 2023-24 Charging Arrangements for new connections.
2. We have assessed and approved the impacts on customers' bills and the handling strategies that have been adopted.
3. 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: 24 January 2023

Dated: 23 January 2023

Signed:



Alastair Cochran, Chief Financial Officer

Signed:



Cathryn Ross, Strategy & External Affairs Director

Dated: 24 January 2023

Signed:



Nick Land, Senior Independent Non-Executive Director

For and on behalf of Thames Water Utilities Limited

