



New Connections Charging
2025-26 Tariff
Consultation
August 2024

We would like to share with you some of the proposed changes to our tariffs for 2025-26 and seek your opinion on our proposals.

Please respond by email to keyaccounts.strategicpartnering@thameswater.co.uk using “**Consultation Response**” as your email title no later than close of business **23rd August 2024**.

Unbundling Fixed charges

In order to have better comparability across the water sector and to support competition, Ofwat are requiring all water companies to unbundle the following elements of the “Fixed” charges from their fixed price connections tariffs:

- Traffic Management,
- Meters,
- Meter Installation

Traffic management

Currently Thames Water includes the cost of traffic management in our published tariffs for connections and pipelaying, this is based on the average cost expected for the surface type and activity (mains or service connection). This means every customer pays the same irrespective of the location within the Thames Water region the development is taking place.

There are 57 different Highway Authorities within our region so unbundling traffic management could add a lot of complexity to producing a quote. Thames Water has considered several options for passing these costs onto Developers as set out below:

- **Option 1)** Calculate the average rate as we currently do but publish it separately from our current connections and pipelaying fee’s i.e. charge the same overall price as we currently do but the traffic management would appear as a separate element on your quote.
Whilst this would be the simplest charging option, it does not reflect the specific traffic management requirements each development site and therefore would not meet the requirement to deliver greater support for competition. It is also likely to increase the volume of queries from customers. This option was therefore eliminated.
- **Option 2)** Publish a traffic management charge for each type of Traffic Management separately i.e. permits, traffic lights, parking bays, lane rental, and publish the price as an average of all 57 Highway Authorities.
This option would mean each development site would be quoted for the specific the traffic management activities required, but it would still be an average charge across all 57 authorities which can vary greatly in price, so may not be reflective of the cost for that location, making it difficult for an SLP or NAV to compete on price in some areas. This option does not support competition and was therefore eliminated.
- **Option 3)** Publish all 57 highway authority charges separately ie permits, traffic lights, parking bays, lane rental, add to quotations based on which authority the site is located. This option would mean each development site would be quoted for the specific the traffic management activities required, based on the actual charge for the highway authority the development site is located in. However, this would mean publishing all 57 different highway authority charges and would be very complex for customers to self-

serve. It is not technically possible for us to update in our systems at this time. This option is eliminated due to technical complexity and difficulty for customers to self-serve.

- **Option 4)** Publish a traffic management charge for each type of Traffic Management separately i.e. permits, traffic lights, parking bays, lane rental, but allocate each of the 57 Highway Authorities into a band – High, low, medium, or TFL. The price for each band will be set at an average for that band, but each development will receive a cost that is more cost reflective of the actual traffic management requirements, than our current fixed prices.

This is our preferred option as the charge would be reflective of the traffic management costs for the location of the site but balances the need to keep our charging arrangement simple for customers. This meets the requirement to unbundle these charges alongside keeping our charging arrangements simple for customers to self-serve and delivers improvements for competition.

These costs would no longer be included in the connection or pipelaying fee but will appear as separate items on your quote. The below table is an example of how these charges could be shown in our charging arrangements:

Zero charge if TM type not applicable	Low Band	Med Band	High Band	TFL Route
Permit				
Parking Bay				
Bus route suspension				
Road Closure				
Lane Rental				
2 Way Lights				
3 Way traffic Lights				
4 Way traffic Lights				

We will only pass on the cost for the traffic management activities your development will require, such as permit, parking bays, traffic lights, lane rental etc. It will also be necessary to ensure at application stage that the correct number of phases are identified so the correct quantity of traffic management can be calculated. If phases are changed after the quotation has been accepted, then a variation will be triggered which could result in additional traffic management costs being charged to you.

Q1. What are your opinions on the proposal of using bandings as set out in option 4 to unbundle traffic management charges?

Q2. Do you have any other comments on unbundling traffic management?

Meters

For Thames Water delivered connections, the external meter is currently included in the cost of the connection fee. However, Thames Water already publishes prices for the provision of meters to Self-Lay Providers and to Developers where the meter is installed internally such as flats. We therefore propose to remove the cost of the meter from the connection fee and use the charges currently used for SLP's and internal meters as a separate charge on our quotation for external meters from April 25.

Q3. Do you have any comment on this proposal for unbundling meter charges?

Meter installation

External meter installation is currently included in the connection fee. We therefore intend to remove the cost of the external meter installation from the connection fee and will publish this as a separate charge on our quotation from April 25.

Q4. Do you wish to comment on this proposal for unbundling meter installation charges?

Pre-development enquiry

Currently Thames Water does not charge Developers for pre-development enquiries. Ofwat expects Developers to fund all costs which are incurred as a result of new development. We are therefore proposing to charge a fee to cover the cost for processing pre-development enquiries.

Q5. What are your opinions on this proposal to charge for Pre-development enquiries?

Environmental Incentives

Ofwat are looking to implement a common framework for Environmental incentives across water companies. There is a consultation taking place at the moment on their current proposals which can be accessed via this link [Consultation on an environmental incentives common framework - Ofwat](#) (closing date 10th September).

An Environmental Surcharge which will be charged on every connected property (similar to infrastructure charges) and will be used to fund the Environmental incentive discounts. This will be a new charge add to quotes from Apr25.

All water companies will be required to offer an environmental incentive similar to our tier 1 water discount, which will require a developer to install fittings to outperform the requirements building regulations ie to reach 100 litres per person per day. We currently require you to submit evidence that your fittings do not exceed the consumption levels as per the below table:

Table 2.2 Building Regulations Part G

Water fitting (Table 2.2 Building Regulations)	Maximum consumption (Table 2.2 Building Regulations)	Description of your development's water fitting (device name and / model)	Water performance value of your development's fittings (litres/min, kg)
WC	4/2.6 litres dual flush		
Shower	8L/min		
Bath	170 litres		
Basin taps	5L/min		
Sink taps	6L/min		
Dishwasher	1.25L per placesetting		
Washing machine	8.17L/kilogram		

Ofwat are proposing to use the below new table and Water companies will have the flexibility to decide which levels of efficiency they would incentivise

Table 3: Water efficiency fittings approach proposed methodology for particular levels of water consumption

Bands (L/P/D)	FHH Contender Specifications	WC (litres) *	Basin Taps (L/min)	Bath (litres)	Shower (L/min)	Kitchen Taps (L/min)	Washing M/C (litres)	Dishwasher (litres)	Key Fittings Requirements	NHBC Standards	Water reuse	Estimated Extra cost
100	1.1	4 (2.6)	5	170	8	6	6	1.1	Reg 36(2) water fittings approach 110 L/P/D	N	None	None
	1.2	6 (3)	6	180	6				Shower may need air boosting	Y	None	£350
	1.3	4 (2.6)	3	180	8				Proposed new water fitting approach	N	None	None
	1.4	4 (2.6)	6	180	6				Shower may need air boosting	Y	None	£350
90	2.1	6 (3)	3	180	5				Enhanced spray (inc Air boost) shower	N	None	£350
	2.2	4 (2.6)	3	180	5				Enhanced spray (inc Air boost) shower	N	None	£350
80 and lower	3.1	1.4	3	180	5				Enhanced effectiveness of flush WC (inc Air assist) + Enhanced spray (incl Air boost) shower	N	None	£750
	3.2	4 (2.6)	3	180	8				Proposed new water fittings approach	N	Rain 25 L/P/D	£1000-3000
	3.3	4 (2.6)	3	180	1.5				Recycling shower	N	None	£400
	3.4	1.4	3	180	1.5				Enhanced effectiveness of flush WC (inc Air assist) + Enhanced spray (incl Air boost) shower	N	None	£800
	3.5	4 (2.6)	3	180	5				Enhanced spray (inc Air boost) shower	N	Rain 25 L/P/D	£1000-3350
	3.6	6 (3)	3	180	5				Enhanced spray (incl Air boost) shower	N	Grey 30 LPPPD	£1250-3350

* note – the bracketed number is for the shorter flush in dual flush toilets.

Q6. What are your opinions on Ofwat's new proposed fittings table?

Ofwat are also proposing that the developer (or NAV) will be required to evidence installation before payment of the discount is made and may be audited by an on-site inspection by water companies.

Q7. What are your opinions on the payment moving to after installation has been evidenced?

Q8. What evidence would you be able to submit to validate installation of the fixtures and fittings?

We still propose to allow you to pay for your infrastructure charges upfront providing you progress the build within 12 months as set out in our charging arrangements (para 15.4.3 of our

2024-25 New Connections charges), otherwise a requote will be required. However, if you qualify for an environmental discount, we will no longer be able to pay this upfront. We propose to implement the new process of payments for Environmental discounts moving to being in arrears commencing with quotes produced on the April 25 charging arrangements. If a requote is required post 1st April 25 for an original quote produced based on prior charging arrangements, the environmental discount will move to being paid in arrears.

Q9. What are your opinions on the transition arrangements for payment of environmental discounts?



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