



## **Indicative Wholesale Charges for Businesses from April 2020**

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*October 2019*

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Contact us

Our wholesale services desk can be contacted on:

Table with contact details: Email (wholesaleservicedesk@seswater.co.uk), Phone (01737 772000), Website (www.seswater.co.uk), Twitter (@SESWater), Address (SES Water, London Road, Redhill, RH1 1LJ)

If you have a query about wastewater please contact the wastewater service provider:

Table with wastewater service providers: Thames Water (wholesalemarketservices@thameswater.co.uk), Southern Water (wholesaleservices@southernwater.co.uk)

## 1. About this document

### 1.1. Introduction

This document explains our indicative charges for Wholesale Services from 1 April 2020. These charges should be viewed as indicative and final charges may be different. Final charges will be published in early January 2020.

Since April 2017 businesses, charities and public sector organisations that are eligible have been able to switch Retailer. Charges for Wholesale Services are paid by Retailers to Wholesalers for the abstraction, treatment and transportation of water from source to the customer tap. The charges outlined in this document are therefore relevant only to Retailers. If you are a business please talk to your Retailer about the charges that you will pay. If you are a household customer please see our website for information about your bill and charges which also includes a charge for Retail Services.

### 1.2. Definitions used in this document

For the purposes of this charges scheme the following definitions apply:

Term	Definition
Billing Year	1st April to 31st March.
Company	SES Water.
Connection	Connection of a water service pipe to the Company's main in the roadway.
Domestic Purposes	As defined in The Water Industry Act 1991.
Unmeasured Water Supply	A supply that is not metered.
Measured Water Supply	A supply through a water meter.
Potable	Treated water.
Non-Potable	Untreated water.
Premises	A property, or parts of a property, which are intended to be separately occupied.
Rateable Value	The valuation for a property as shown in The Inland Revenue Valuation List as at 31 <sup>st</sup> March 1990.
Retail Services	Customer services, which include billing, payment handling and customer enquiries; debt management and doubtful debts; meter reading; and providing information and administration for new connections.
Retailer	The company providing Retail Services to customers within the Company's operational area.

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Term	Definition
Wholesalers	A company providing Wholesale Services to Retailers.
Wholesale Services	All regulated activities that are not Retail Activities. This includes the abstraction, treatment and transportation of water.

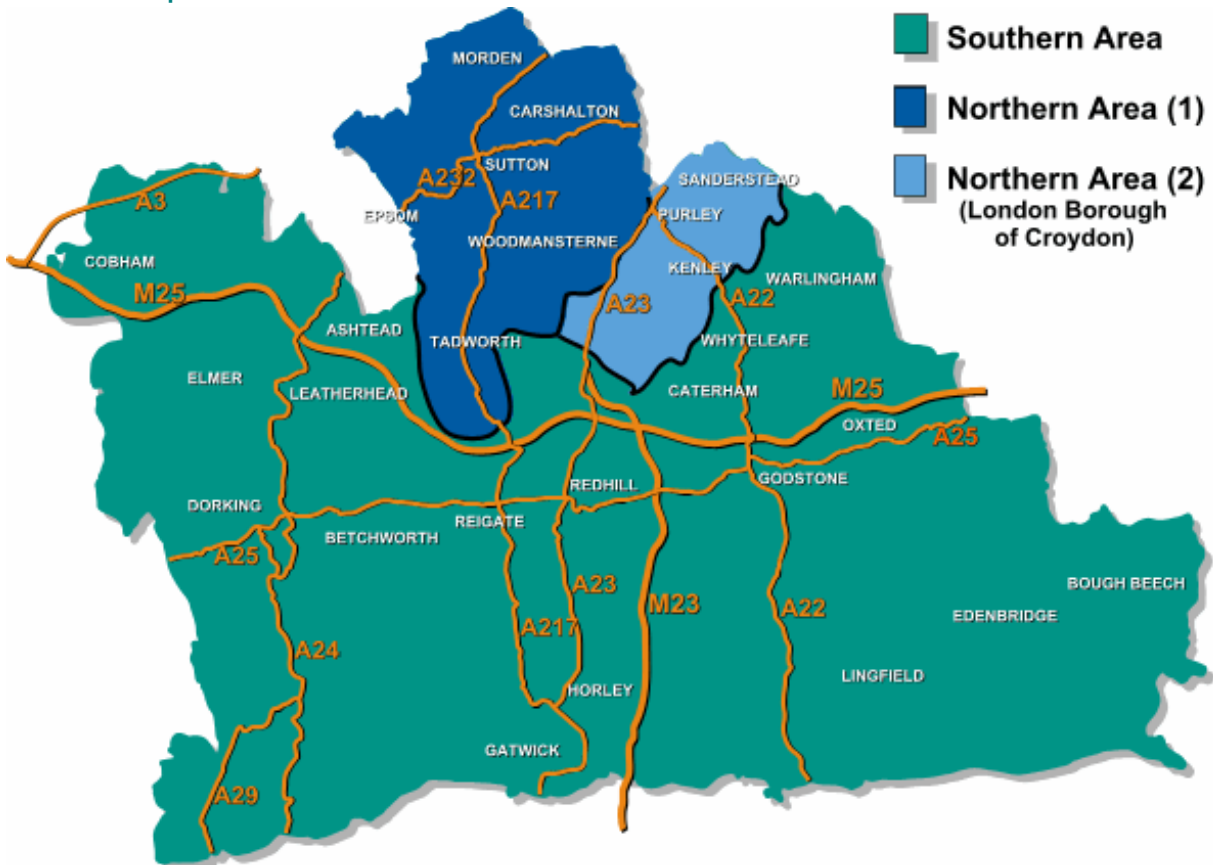
### 1.3. Other charges

The Company has other fixed charges for various works, e.g. installation of meters, new connections to a water main (including infrastructure charges) and the provision of information. Information about these charges can be found on our website.

## 2. Indicative wholesale charges for water

The applicable charge for Wholesale Services varies by region and the type of supply at the property. The Company has three charging areas – Southern, Northern (1) and Northern (2). The areas are indicated on the area map below. The charges that apply in each area are shown on the following three pages.

### Area Map



### PLEASE NOTE

This map is very small scale and is for general guidance only. Please contact our customer services team if you are not sure which area the property is located in.

## Southern area indicative wholesale charges

Southern Area - Unmeasured Charges	
<b>Annual Standing Charge</b>	£26.51
<b>Variable Charge (per £ of Rateable Value)</b> <i>(Based on Rateable Value as at 31<sup>st</sup> March 1990)</i>	83.85p
<b>Miscellaneous Charges</b> – <i>Levied for the period 1st April to 31st March and unable to be apportioned on change of occupation of the premises during the year.</i>	
Religious building, Caravan (unrated), Flushing chamber, Pumping station, Standpipe	£35.41
Field supply, Cleansing supply	£86.99
<b>Assessed Volume Charge</b> – <i>Levied where a non-household customer has a Rateable Value of less than £2,000, and water use is limited to the domestic (tea and toilet) requirements of the persons engaged on the premises<sup>1</sup>.</i>	
Annual Standing Charge	£8.44
Volume Charge – per m <sup>3</sup> <i>(Based on 15 cubic metres per person per year, minimum charge 30 cubic metres/year)</i>	132.02p
Southern Area - Measured Charges	
Standard	n/a
Mid User ( <i>10 - 49 Ml at one site per charging year</i> )	£1,328.71
High User ( <i>&gt; 50 Ml at one site per charging year</i> )	£3,932.67
<b>Volume Charges (per m<sup>3</sup>)</b> – <i>The volume charge takes effect on 1st April 2017. Where the consumption spans this date, the consumption will be apportioned on the basis of the number of days either side of 1st April, and charged at the appropriate rate.</i>	
Standard	131.70p
Mid User	113.07p
High User	108.03p

<sup>1</sup> Assessed non-household customers who do not meet these criteria may be subject to bespoke assessed charges (please refer to section 3.3.4.).

## Northern area (1) indicative wholesale charges

Northern Area (1) - Unmeasured Charges	
<b>Licence Fee</b>	
Commercial	£83.75
Mixed	£277.60
<b>Miscellaneous Charges</b> – Levied for the period 1st April to 31st March and unable to be apportioned on change of occupation of the premises during the year.	
Religious building, Caravan (unrated), Flushing chamber, Pumping station, Standpipe	£35.41
Field supply, Cleansing supply	£86.99
<b>Assessed Volume Charge</b> – Levied where a non-household customer has a Rateable Value of less than £2,000, and water use is limited to the domestic (tea and toilet) requirements of the persons engaged on the premise <sup>2</sup> .	
Annual Standing Charge	£8.44
Volume Charge – per m <sup>3</sup> (Based on 15 cubic metres per person per year, minimum charge 30 cubic metres/year)	102.75p
Northern Area (1) - Measured Charges	
Standard	n/a
Mid User (10 - 49 Ml at one site per charging year)	£912.84
High User (> 50 Ml at one site per charging year)	£3,011.73
<b>Volume Charges (per m<sup>3</sup>)</b> – The volume charge takes effect on 1st April 2017. Where the consumption spans this date, the consumption will be apportioned on the basis of the number of days either side of 1st April, and charged at the appropriate rate.	
Standard	102.86p
Mid User	88.45p
High User	84.28p

<sup>2</sup> Assessed non-household customers who do not meet these criteria may be subject to bespoke assessed charges (please refer to section 3.3.4.).

## Northern area (2) indicative wholesale charges

Northern Area (2) - Unmeasured Charges	
<b>Annual Standing Charge</b>	£26.51
<b>Variable Charge (per £ of Rateable Value)</b> <i>(Based on Rateable Value as at 31<sup>st</sup> March 1990)</i>	50.63p
<b>Miscellaneous Charges</b> – Levied for the period 1st April to 31st March and unable to be apportioned on change of occupation of the premises during the year.	
Religious building, Caravan (unrated), Flushing chamber, Pumping station, Standpipe	£35.41
Field supply, Cleansing supply	£86.99
<b>Assessed Volume Charge</b> – Levied where a non-household customer has a Rateable Value of less than £2,000, and water use is limited to the domestic (tea and toilet) requirements of the persons engaged on the premises <sup>3</sup> .	
Annual Standing Charge	£8.44
Volume Charge – per m <sup>3</sup> <i>(Based on 15 cubic metres per person per year, minimum charge 30 cubic metres/year)</i>	102.75p
Northern Area (2) - Measured Charges	
Standard	n/a
Mid User (10 - 49 Ml at one site per charging year)	£912.84
High User (> 50 Ml at one site per charging year)	£3,011.73
<b>Volume Charges (per m<sup>3</sup>)</b> – The volume charge takes effect on 1st April 2017. Where the consumption spans this date, the consumption will be apportioned on the basis of the number of days either side of 1st April, and charged at the appropriate rate.	
Standard	102.86p
Mid User	88.45p
High User	84.28p

<sup>3</sup> Assessed non-household customers who do not meet these criteria may be subject to bespoke assessed charges (please refer to section 3.3.4.).



### Indicative wholesale charges for customers on special agreements

Section 142 of the Water Industry Act 1991 provides for charges to be set for individuals in accordance with agreements with the persons to be charged ('special agreements'). SES Water holds two special agreements and the Water services Regulatory Authority (Ofwat) contains a register of these agreements.

The table below shows indicative wholesale charges for each special agreement.

SESPOT1	
<b>Annual Standing Charge</b>	n/a
<b>Volume Charges (per m<sup>3</sup>)</b>	72.64p
SESPOT2	
<b>Annual Standing Charge</b>	n/a
<b>Volume Charges (per m<sup>3</sup>)</b>	102.86p

### **3. About wholesale charges for water**

#### **3.1. Unmeasured wholesale water charges**

##### **3.1.1. Rate-based tariff – Southern and Northern Area (2)**

The Retailer for the occupier of any premises in the Southern Area or Northern Area (2) with access to a supply of water other than through a meter shall pay:

- an annual standing charge; and
- a charge calculated on the full Rateable Value of the premises to which the water supply is made available.

##### **3.1.2. Licence fee – Northern Area (1)**

The Retailer for the occupier of any premises in Northern Area (1) with access to a supply of water other than through a meter, shall pay a licence fee which represents the average charge made by the Company for unmeasured supplies in the area. Different charges apply depending upon whether the premise concerned is Commercial or mixed Commercial/Domestic in its principal use.

##### **3.1.3. Miscellaneous charges**

The Company has fixed other sundry water supply charges in relation to discretionary use of water for purposes other than domestic use.

##### **3.1.4. Access to Unmeasured Water Supply**

Where a rated premise has right of access to an Unmeasured Water Supply, the full unmeasured charge will apply to that premise, irrespective of whether or not the supply is within the boundary of the property concerned.

#### **3.2. Measured wholesale water charges**

##### **3.2.1. Standard tariff**

The Retailer for the occupier of any premises receiving a supply of water through a meter shall pay:

- a standing charge; and
- a volume charge which shall be based on the consumption of water recorded by the meter.

##### **3.2.2. Tariffs for larger users**

Business tariffs are available, subject to eligibility, for Retailers of larger use customers. The tariffs combine a discounted volumetric rate with a premium rate standing charge. Two tariffs are available:

- Mid User: For Retailers of customers using between 10 and 49 MI in a charging year at one site.
- High User: For Retailers of customers using 50 or more MI in a charging year at one site.

The following eligibility conditions apply:

- Eligible premises shall be those who have used between 10 MI and 49 MI or 50 or more MI in the charging year immediately preceding the charging year for which they wish to opt for the tariff;

- If the annual consumption at a premise in the charging year is less than is prescribed in the tariff, the charge to the Retailer will be reverted to the standard tariff for the whole of the following charging year;
- A Retailer of a premise that has been reverted to the standard tariff may re-apply for the business tariff as described in clause 1 above; and
- Application of a business tariff to a premise will be at the Company's sole discretion.

For the avoidance of doubt, annual consumption will be that which is recorded by the Company's meter and used for normal billing purposes.

### **3.3. Assessed volume charge**

#### **3.3.1. Availability of tariff**

This tariff is an alternative to the rate-based tariff specifically for Retailers of premises where the Rateable Value is less than £2,000 and water use is limited to the domestic (tea and toilet) requirements of the persons engaged on the premises.

#### **3.3.2. Availability of tariff**

The tariff is not available where:

- there is a domestic element within the premises;
- there is any use of water in the course of the business; and
- the premise has a rateable value over £2,000.

#### **3.3.3. Basis of assessment**

The tariff comprises a standing charge, plus an assessed volume charge based on the number of persons on the premises. The volume charge will be assessed on the basis of 15 cubic metres per year per person, with a minimum of 30 cubic metres (2 persons).

#### **3.3.4. Bespoke assessed charges**

The Company reserves the right to calculate assessed charges for businesses on a case-by-case basis. Assessed charges apply where the Company has attempted to install a meter at a property but is unable to do so. The assessed charge will be calculated on the basis of estimated annual consumption, which will be based on the size and industry of the business. This estimated annual consumption will then be subject to the appropriate measured tariff(s).

### **3.4. Value Added Tax (VAT)**

Value Added Tax (VAT) is payable at standard rate on supplies of water for Retailers of customers whose main economic activity lies within divisions 1 to 5 of the Standard Industrial Classification (SIC)1980:

- Energy and Water Supply Industries;
- Extraction of Minerals and Ores other than fuels; Manufacture of Metals, Mineral Products and Chemicals;
- Metal Goods, Engineering and Vehicle Industries;
- Other Manufacturing Industries; and
- Construction.

Supplies of water to other classes of customer are, at present, zero rated for tax purposes.

#### **4. Board assurance of indicative wholesale charges**

Ofwat, the economic regulator for the water sector, requires the Company's Board of Directors to make a statement regarding indicative charges. This assurance statement is available on the following page.

#### **5. Basis of charge calculation**

The Company must set its charges on the basis of its allowed revenue for the upcoming charging year. At the time of setting the indicative charges for businesses, the Company has not received its Final Determination for allowed revenue for the charging years 2020/21 to 2024/25. As such, the Company has based the indicative charges for businesses on its representation submitted to Ofwat in August 2019, in response to Ofwat's Draft Determination published in July 2019. These charges are subject to uncertainty due to the upcoming publication of the Company's Final Determination by Ofwat on 11 December 2019.

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**Indicative Wholesale Charges for Businesses from April 2020****Statement of Assurance**

We confirm that the Board has reviewed the Company's indicative wholesale charges for business customers that will apply from April 2020 and has approved them for publication.

Pending publication of the Final Determination, the indicative charges are based on the Company's representation submitted to Ofwat in August 2019, in response to Ofwat's Draft Determination published in July 2019. The Board notes that these charges are subject to uncertainty due to the upcoming publication of the Company's Final Determination by Ofwat on 11 December 2019.

We certify that in relation to the charges presented in the Indicative Wholesale Charges Scheme:

1. the Company has complied with its legal obligations (including competition law);
2. they are the charges that the Company expects to apply from April 2020, subject only to differences arising from new information that will become available between now and January 2020 when final charges will be published;
3. the Board has assessed the effects the indicative charges would have on customers' bills for a range of different customer types, and notes that there are no increases expected to exceed 5% and therefore no formal impact assessments or handling strategies are required;
4. the Company has appropriate systems and processes in place to make sure that the information upon which the charges are based is accurate; and
5. the Company has consulted CCWater in a timely and effective manner on the indicative wholesale charges.

In making this statement of assurance the Board has relied upon the risk management, monitoring and control systems and processes described in the Strategic Report which can be found on pages 28 and 29 of the Company's 2019 Annual Report, available on the Company's website. The Company Monitoring Framework encourages us to take a risk-based approach when deciding the level of assurance to conduct on the information that we publish. Indicative charges have been internally assured and prior to publication of final wholesale charges in January the Company will procure external assurance.

Approved by the Board of Directors and signed on their behalf on 26 September 2019.

Anthony Ferrar




(Managing Director)

Jeremy Pelczer



(Chairman)

Murray Legg



(Non-Executive Director and Chair of the Audit Committee)

