



# **Developer Services Charging Arrangements & NAVs Bulk Supply Charges for 2021/22**

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## Stakeholder Consultation Outcomes Report

### Issue No. 1

*January 2021*

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# 1. Introduction

## 1.1. Background

SES Water are committed to working in an open, collaborative and transparent way including our emerging thinking when seeking to make improvements within our offering to all customer types. We engage with Developer Services customers and stakeholders on our proposed changes to the Charging Arrangements for connecting new properties to the water network, prior to implementing any changes.

Last year, we implemented changes to our Charging Arrangements in line with Ofwat's Charging Rules for New Connection Services (English Undertakers) that came into effect on 1 April 2020. Whilst there are no changes to the Charging Rules requiring us to make significant methodological changes to the way we calculate our charges this year, we acknowledge that additional work is required to address the feedback we have received both from our customers and from Ofwat and to incorporate elements of 'best practice' in our work.

The purpose of this consultation was to seek feedback to help shape updates to our Charging Arrangements for New Connection Services and Bulk Supply Charges for NAVs. This report outlines the responses and outcomes from the initial phase of consult with Developer Services customers and stakeholders on the Charges Arrangements for implementation in 2021/22.

Developer Services customers and stakeholders have a direct role to play in our proposed approach and service offerings. We recognise they should be involved in informed discussions and collaborative working with the ultimate aim of gaining practical support to enable us to meet the demands in growth, as house building intensifies across our region. Engagement with these stakeholders will be regular and proactive over 2021/22.

## 1.2. Consultation Process

An online survey was created to consult with developer services customers on each area of the charging document, the consultation was open for four weeks and ended on 4 December 2020:

**Part A** of the consultation concerned New Connection Services. We invited feedback on:

- How our charges are calculated
- How our charges are presented
- Our proposed transitional arrangements

**Part B** of the consultation concerned Bulk Supply Charges for NAVs. We invited feedback on:

- Calculating avoided costs
- Driving environmental improvements

- Improving our Bulk Supply Charges document

Respondents were asked questions to determine the level of agreement with key proposals within each section. The survey also included open response questions to give developers the opportunity to provide further comments and feedback on their thoughts in relation to the charges.

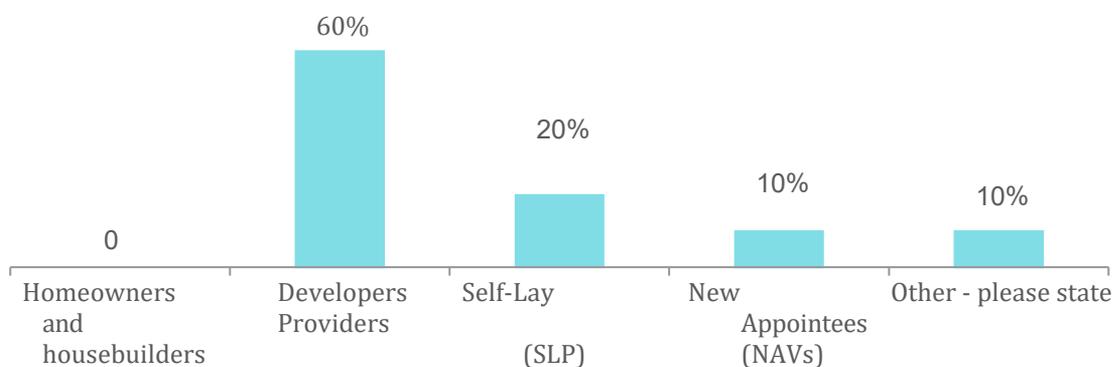
Multiple channels were used to make developers aware of the charging document and consultation survey:

- Survey promoted on the Developers page on SES Water’s website
- Personalised emails and phone calls from SES Water team members with existing developer relationships – including NAVs and SLPs
- Market research company contacted developers who had made multiple applications to SES Water during 2020
  - Email contact – including initial invitation email and twice-weekly reminders with a countdown to the consultation close
  - Telephone contact and voicemail
- LinkedIn search within SES Water’s region and relevant contacts invited to complete the survey
- £10 incentive payment for developers who completed the survey – in the form of personal payment or charitable donation

### 1.3. Respondent profile

The majority of respondents categorised themselves as ‘Developers’.

Please select which of the following categories your organisation falls into  
(10 respondents)



## 2. Responses & Outcome

### Part A – Charging arrangements for new connections services

For our 2021/22 Charging Arrangements, we propose to expand on the description of our charges and how they are set to increase transparency and clarity of our Charging Arrangements. Additionally, we propose to make targeted changes to the application charge and how we charge for traffic management and would like your feedback on our approach to setting the infrastructure charge and the income offset. We discuss these items in turn below. Included in the summaries for each question are the unadjusted response proportions, and the free-form responses received.

#### *Q.1 Application charge*

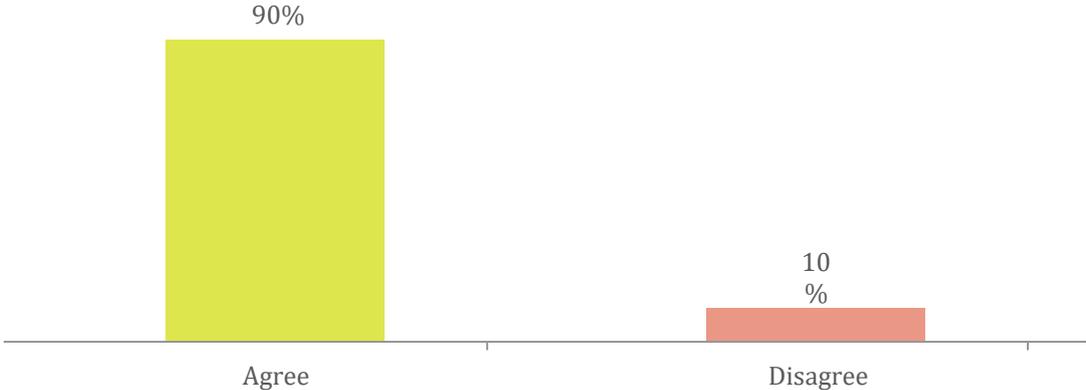
Within the 2021/22 Charging Arrangements, we proposed to expand on the descriptions of our charges in order to increase clarity and transparency for customers within their charging arrangements. Our consultation outlined four proposed changes to our presentation of charges.

Proposed change	Expected benefits of our proposed approach
1. Rename our section to 'Ancillary charges'.	<ul style="list-style-type: none"><li>• To reflect that it captures more than the application charge.</li></ul>
2. Provide a clear description of each charge and in what context it applies.	<ul style="list-style-type: none"><li>• Providing additional context on our charges and under what circumstances they apply and what each charge covers will make our charges more transparent and predictable for our customers.</li></ul>
3. Split out the mains design element from the application fee.	<ul style="list-style-type: none"><li>• The design of a Development is a contestable element and either SESW or an alternative provider (SLP) can undertake this for a Developer.</li><li>• Splitting out the design element from the application fee – a non-contestable element – will allow an equally efficient SLP to compete for the Development.</li></ul>
4. Include a charge for reviewing a design.	<ul style="list-style-type: none"><li>• The review of a design is a non-contestable element given SESW will ultimately adopt the assets built by an SLP.</li><li>• An SLP should be able to know upfront the charge for SESW to review its design – this will encourage competition in the market.</li></ul>

Respondents were first asked the extent to which they agreed or disagreed with these proposed changes.

To what extent do you agree or disagree with the proposed changes to the application charge?

(10 respondents)



To what extent do you agree or disagree with the proposed changes to the application charge?		
Response	Percentage	No of Respondents
Strongly Agree	40%	4
Agree	50%	5
Disagree	0%	0
Strongly disagree	10%	1

Respondents were then given the opportunity to provide additional comments in relation to their response:

*"All elements of breakdown to charges is useful. The current processing fee payable in advance is not currently included in the quotation and would assist timeframes if this were included rather than upfront"*

**(Strongly agree, Developer)**

*"Agree that 'contestable' and 'non-contestable' elements should not be bundled together. Full support will depend on how cost reflective (and therefore compliant with the Ofwat Rules) the actual charges are"*

**(Agree, SLP Associate)**

*"Providing greater clarity will help with an improvement in decision making and financial planning at an earlier stage which will in turn help to drive efficiencies"*

**(Agree, NAV)**

**Outcome:**

We are encouraged that the majority of respondents felt that the proposals would be an improvement on the current documentation.

We will continue with the four changes as proposed.

**Q2 Charging for traffic management as part of our charges**

As part of our review of the structure of our charges, we are considering merging some of our charges where it would be difficult for the customer to know what charges would be required. Traffic management measures fall in that category. We are considering uplifting our service connections, mains requisitions or diversion charges to include some of the costs associated with traffic management.

Standard traffic management charges included in our fixed charges

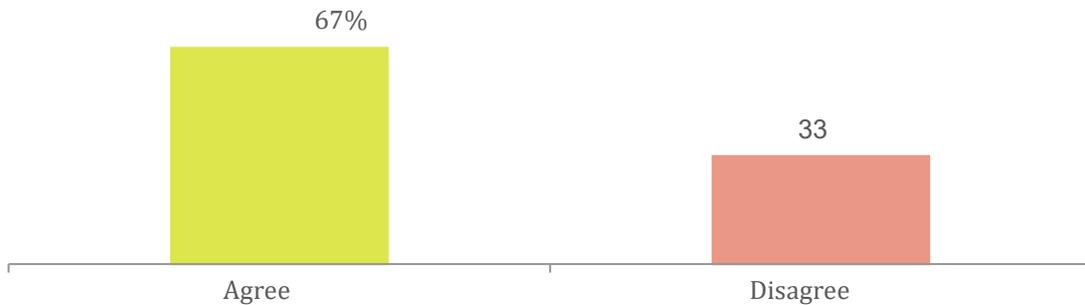
Standard traffic management charges
<u>Bus stop suspension</u>
<u>Traffic light suspension</u>
<u>Pedestrian crossing suspension</u>
<u>Parking bay suspension</u>
<u>Permit charge (varies on region/road) per request for access</u>
<u>Charge for manual operation (per day)</u>

Indicative (non-standard) traffic management charges (excluded from our fixed charges)

Traffic management measure
<u>Full road closure</u>
<u>Three way traffic lights (per week)</u>
<u>Four way traffic lights (per week)</u>
<u>Set out ¾ way lights</u>
<u>Lane rental</u>

Respondents were asked to indicate the extent to which they agreed with these proposed changes to traffic management charges.

To what extent do you agree or disagree with the proposed changes to traffic management charges?  
(9 respondents)



To what extent do you agree or disagree with the proposed changes to traffic management charges?		
Response	Percentage	No of Respondents
Strongly Agree	22%	2
Agree	44%	4
Disagree	22%	2
Strongly disagree	11%	1

Again, respondents were asked to elaborate on their response if they wished to:

*"Knowing the upfront traffic management costs is helpful"*

**(Strongly agree, Developer)**

*"The proposals assist in customers being able to assess the full impact of a scheme earlier"*

**(Agree, NAV)**

Outcome:

We welcome the feedback and overall agreement from the respondents.

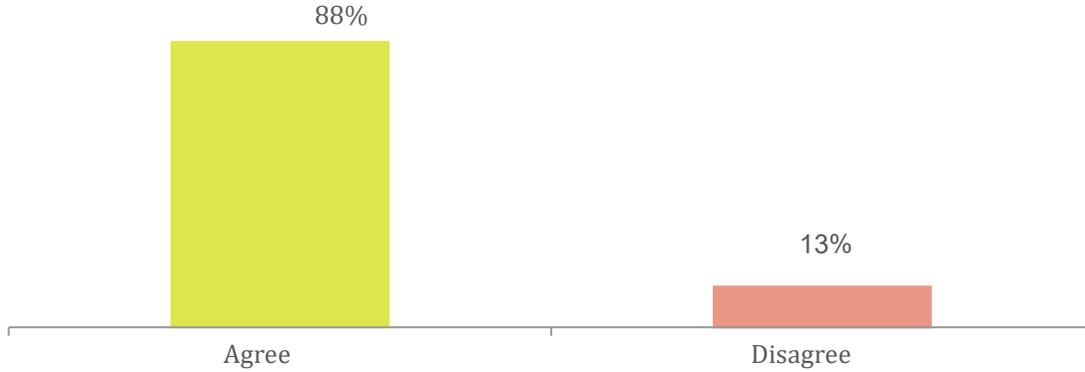
Those who disagreed with the proposal did not explain their reasoning. We encourage respondents to contact us if they wish to further discuss.

We will implement as proposed.

### Q3 Flat rate infrastructure charge

Respondents were asked to indicate the extent to which they agreed with the continuation of a flat rate for infrastructure charges.

We are proposing to maintain a flat rate for infrastructure charges rather than zonal. To what extent do you agree or disagree with this proposal?  
(8 respondents)



We are proposing to maintain a flat rate for infrastructure charges rather than zonal. To what extent do you agree or disagree with this proposal?		
Response	Percentage	No of Respondents
Strongly Agree	13%	1
Agree	75%	6
Disagree	13%	1
Strongly disagree	0%	0

When asked to elaborate on their response, three responses commented:

*"Flat rate infrastructure charge preferred. No bias applied"*  
**(Strongly agree, Developer)**

*"I believe that an infrastructure should be paid in arrears, the benefit of the infrastructure isn't being required until the plot is connected. It should be payable at the rate when the site commenced"*  
**(Disagree, SLP)**

*"Support the maintenance of the current approach but not certain whether the intention is to keep, as SLPs want, the rates/allowances unchanged. The stability and predictability of these charges being paramount to SLPs (as they tend to lock themselves into fixed rates with developers over schemes which can take multi-years to build)"*  
**(Agree, SLP Associate)**

**Outcome:**

We are encouraged that the majority of respondents felt that the proposals were agreeable.

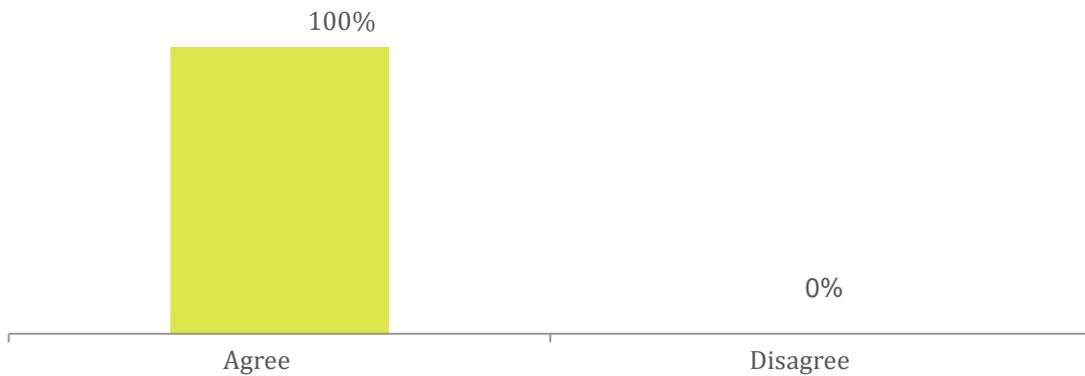
The comment from the respondent who disagreed, was based on infrastructure charge payment in arrears being at the prevailing rate when the site commenced. We do allow for infrastructure charge payment to be in arrears but currently at the rate included in the quotation of the site. We believe this provides clarity, stability and predictability for the applicant.

We will continue as proposed.

**Q4 Water Efficiency**

Next, respondents were asked if they agreed that we should continue to offer the same discount to water efficient properties and reduced charges for redeveloped sites.

We are proposing to continue offering the same discount for water efficient properties and reduced charges for redeveloped sites. To what extent do you agree or disagree with this proposal? (7 respondents)



<b>We are proposing to continue offering the same discount for water efficient properties and reduced charges for redeveloped sites. To what extent do you agree or disagree with this proposal?</b>		
<b>Response</b>	<b>Percentage</b>	<b>No of Respondents</b>
Strongly Agree	43%	3
Agree	57%	4
Disagree	0%	0
Strongly disagree	0%	0

When asked to elaborate on their responses to this question, two

respondents left comments:

*"I can't say that I have noticed reference to discounts for water efficient properties. The application does not ask for information on this. How would this be determined when applications are made at an early stage in the build programme for cost indications"*

**(Strongly agree, Developer)**

*"No strong views but favour continuity"*

**(Agree, SLP Associate)**

Respondents were also asked if they had any suggestions for other ways of promoting water efficiency, two respondents provided further suggestions including:

*"Water meters are a good incentive to the end user. Encouraging new sites to use rainwater harvesting where possible"*

**(Developer)**

*"Technical standards and design reviews"*

**(Developer)**

#### Outcome:

We are encouraged that all respondents agreed with our proposal.

The comments of increased referencing and promotion of the offering is noted and will be actioned on our website/application.

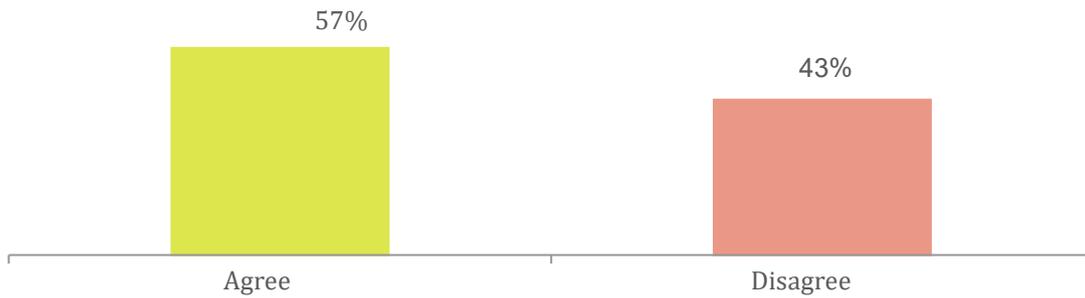
We will continue as proposed.

#### Q5 Prevailing rate of infrastructure charge

Finally, within this section, respondents were asked their agreement with the proposal for 2022/23 to apply the infrastructure charge prevailing at the time of payment.

For 2022/23, we propose to maintain the option to pay for the infrastructure charge in advance or upon connection but are considering applying the infrastructure charge prevailing at the time of payment. To what extent do you agree or disagree with this?

(7 respondents)



**For 2022/23, we propose to maintain the option to pay for the infrastructure charge in advance or upon connection but are considering applying the infrastructure charge prevailing at the time of payment. To what extent do you agree or disagree with this proposal?**

Response	Percentage	No of Respondents
Strongly Agree	0%	0
Agree	57%	4
Disagree	29%	2
Strongly disagree	14%	1

Two respondents provided additional comments in relation to their response:

*"Quotes are often obtained at an early stage in the build programme. This helps with cost accounting. Once paid, it would benefit to know that no changes would apply. Unforeseen delay to build programme could result in excess charges being applied late in the build stage and be detrimental to the developer who may well be at the end of available resources before the builds are sold. The current system allows for upfront payment. I believe that SES can hedge the upfront benefit for a rising labour/cost market"*

**(Disagree, Developer)**

*"Question is not posed in ways that we can answer. To satisfy stability and predictability we favour charges that are fixed for the whole life of a site (even if these are set at a premium to individual year charging). But would not favour achieving this through advance payments, instead want payment at the time of connection to continue"*

**(Strongly disagree, SLP Associate)**

Outcome:

We welcome the feedback and note there is not clear agreement from the respondents.

Reviewing the additional comments there does appear to have been a lack of clarity as to what we proposed.

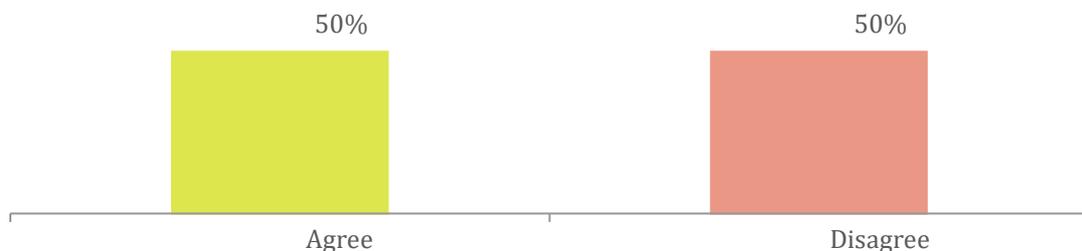
We will consider the suggestions and the clarification of this topic and our approach will form part of the wider engagement during 2021/22.

**Q6 Income offset charge**

We consulted on that we are not currently minded to make changes to the way that income offset is calculated, from our previously consulted on approach (2020/2021). In the past, we have used the Discounted Aggregate Deficit (DAD) approach to calculate the income offset. We modelled the potential development mains work for a Charging Year and run the cost of the schemes through the DAD calculator to establish the monies to be recovered upfront from the new customers and the contribution to be made by us. The contribution by us was shared across all new connections in the form of a discount, regardless of the type of development, i.e. flat income offset

We currently calculate the income offset using the Discounted Aggregate Deficit (DAD) approach. To what extent do you agree or disagree with this approach?

(6 respondents)



**We currently calculate the income offset using the DAD approach. To what extent do you agree or disagree with this approach?**

Response	Percentage	No of Respondents
Strongly Agree	0%	0
Agree	50%	3
Disagree	33%	2
Strongly disagree	17%	1

Two respondents provided comments elaborating on their responses; one respondent felt that they did not understand enough about the DAD approach to comment on this.

*"Again question does not facilitate a direct answer. Whilst understanding the use of a DAD approach to set the 'balance' we are surprised that this has not fed into a more pragmatic way of setting future year Offsets. What is however paramount to SLPs is that the Offset is 'stable and predictable' and is not subject to anything more than minor year to year changes"*

**(Disagree, SLP Associate)**

*"Do not understand enough to comment"*

**(Disagree, SLP)**

#### Outcome:

We welcome the feedback and note there is not an agreement from the respondents.

We encourage respondents who are not in agreement to contact us and discuss alternative methodologies.

Following consultation and further discussions within SES we have revisited the way we calculate the income offset, consequently for Charging Year 2021/22, we have modified our approach to calculate the income offset. Instead of using the DAD approach, we now apply a fixed income offset rate to keep the contributions of developers and other customers broadly balance over time. The income offset rate was derived by looking at the historical income offset offered against mains extension costs. Our approach is to apply this fixed income offset rate going forward whilst keeping it under periodic review to ensure it is still an appropriate reflection of maintaining the balance of charges.

#### Q8 – Q10 Presenting our charges

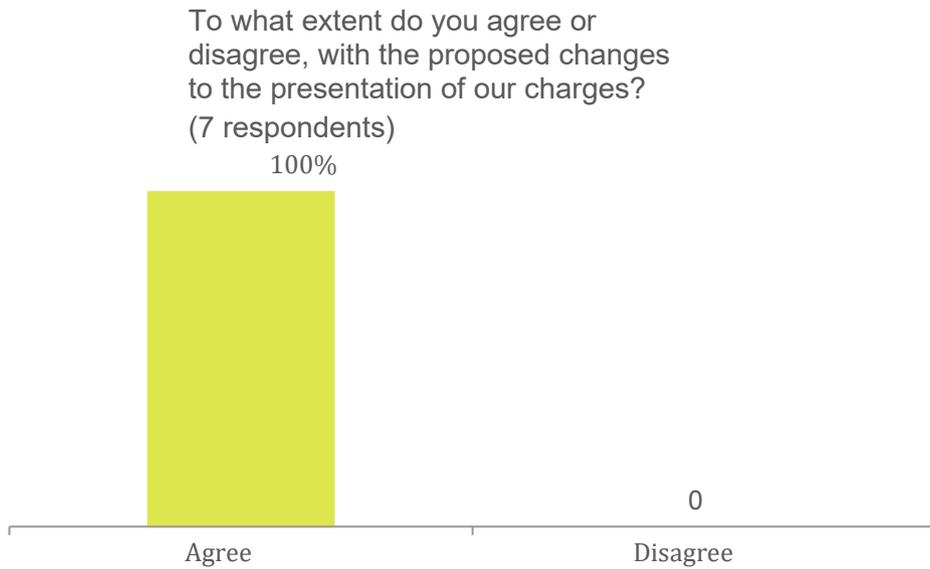
We are committed to making changes to the way in which we present our

charges. By doing this we are aiming to provide a more customer focused service, increase transparency of charged and improve customer experience. Our consultation outlined eight proposed changes to our presentation of charges:

Proposed change	Rationale for change and expected benefits of our proposed approach
<ul style="list-style-type: none"> <li>Present all of our charges exclusive of VAT.</li> </ul>	<ul style="list-style-type: none"> <li>For clarity and consistency with other incumbent water companies.</li> </ul>
<ul style="list-style-type: none"> <li>Remove decimal places and round to the nearest £5.</li> </ul>	<ul style="list-style-type: none"> <li>For simplicity.</li> </ul>
<ul style="list-style-type: none"> <li>Present all of our charges in tabular form.</li> </ul>	<ul style="list-style-type: none"> <li>We currently use a mix of tabular and text/paragraph to present our charges. The consistent use of tables throughout the document should make it easier for customers to find the charges relevant to their Development.</li> <li>To ensure all of our charges can be found in a single document</li> </ul>
<ul style="list-style-type: none"> <li>Clearly label the charges that are contestable and non-contestable.</li> </ul>	<ul style="list-style-type: none"> <li>Complies with Rule 15 of the Charging Rules.</li> <li>Allows customers to understand what elements of their Development can only be completed by SESW versus an SLP.</li> </ul>
<ul style="list-style-type: none"> <li>Introduce a section in the document for self-lay charges.</li> </ul>	<ul style="list-style-type: none"> <li>Allows SLPs to quickly identify what charges are relevant to them instead of having to read the entire document.</li> </ul>
<ul style="list-style-type: none"> <li>Provide a breakdown of the underlying calculations in the worked examples.</li> </ul>	<ul style="list-style-type: none"> <li>Providing the underlying calculations in the worked examples will increase transparency and clarity.</li> </ul>
<ul style="list-style-type: none"> <li>Simplify the language we use to describe our charges and make use of Ofwat’s glossary of terms.</li> </ul>	<ul style="list-style-type: none"> <li>Increase consistency across the industry and facilitate understanding of charges for developers working in multiple regions and dealing with multiple incumbents.</li> </ul>
<ul style="list-style-type: none"> <li>Explain what our charges are and in what context</li> </ul>	<ul style="list-style-type: none"> <li>Providing additional context on our charges and under what circumstances</li> </ul>

Proposed change	Rationale for change and expected benefits of our proposed approach
they apply and when special circumstances exist.	<p>they apply and what each charge covers will make our charges more transparent and predictable for our customers.</p> <ul style="list-style-type: none"> <li>Understanding where special circumstances exist and therefore fixed charges do not apply.</li> </ul>

Q8, Respondents were asked to indicate the extent to which they agreed with the proposed presentation changes outlined.



To what extent do you agree or disagree, with the proposed changes to the presentation of our charges?		
Response	Percentage	No of Respondents
Strongly Agree	14%	1
Agree	86%	6
Disagree	0%	0
Strongly disagree	0%	0

When asked to explain the reason for their response, three comments were provided.

*"Generally support personally surprised by the £5 rounding - accept that pence could be rounded into whole pounds though"*

**(Agree, SLP Associate)**

*"Again, providing clarity allows customers to make informed decisions"*

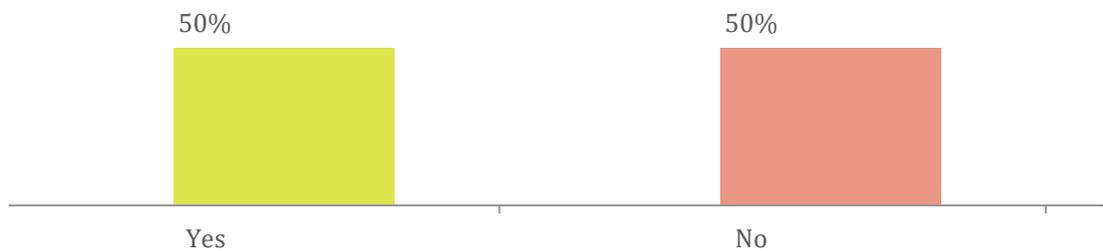
**(Agree, NAV)**

*"Anything that simplifies understanding of the document content and pricing breakdown is welcomed"*

**(Strongly agree, Developer)**

Q9, respondents were asked if any specific additional worked examples would be helpful.

Would you find any specific additional worked examples to be helpful?  
(Base 6)



Two respondents provided additional comments -

*"The full set required by Ofwat plus, on a larger self-lay scenario details of how any upsizing/additional cross connection allowances are to be worked into the costs and funded to the SLP"*

**(Yes, SLP Associate)**

Q10, Respondents were then asked what else could be done to improve the presentation and layout of the Charging arrangements, and three comments were provided from respondents.

*"Apply clear, colour coded if necessary"*  
**(Developer)**

*Whilst a lot of the introductory parts were relevant in 2018 are they still merited, especially as most who understand the charges just want the price tables (Note some companies now produce these separately or appended them to the fuller document)"*  
**(SLP Associate)**

*"The above offers a consistency in practice which has been missing in previous dealings with SESW. The key will be in communicating these in a timely fashion"*  
**(SLP)**

**Outcome:**

We are encouraged that all respondents felt that the proposals would be an improvement on the current documentation.

We acknowledge the comment on £5 rounding and have amended our proposal to the nearest pound.

2021/22 worked examples will include the Ofwat recommended examples as a minimum.

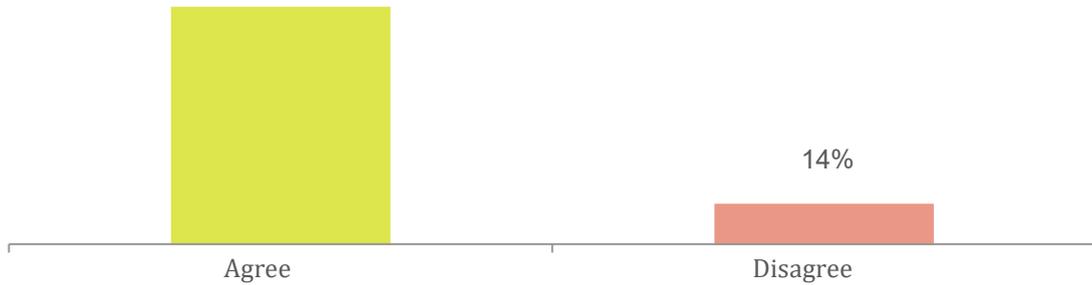
***Q11 Proposed transition arrangements***

Our proposed transition arrangements were that all applications received before 1 April 2021 will be subject to our 2020/21 Charging Arrangements. However, after 1 April 2021, if a customer has not accepted and paid for a previous quote and feel they would be better off under the new Charging Arrangements they can request a requote (subject to a requote fee). Once the new quote is produced based on the 2021/22 Charging Arrangements, the customer has the choice to accept and proceed under the initial quote or the new quote.

Respondents were asked the extent to which they agreed with these arrangements for the transition between the two charging arrangements.

To what extent do you agree or disagree with our transition arrangements proposal?

(7 respondents)  
86%



To what extent do you agree or disagree with our transition arrangements proposal?		
Response	Percentage	No of Respondents
Strongly Agree	29%	2
Agree	57%	4
Disagree	14%	1
Strongly disagree	0%	0

Comments from respondents:

*"Flexible option provided. Not penalised for having a job delivered post price change that was quoted in the previous charging period. Again reference to taking the hedge"*

**(Strongly agree, Developer)**

*"Issue is with the carryover of Infrastructure Charges and Offset Allowances. SLPs would like these to be fixed along with the other terms (where the date of agreement sets the rates)"*

**(Disagree, SLP Associate)**

*"Consideration needs to be given to the conversion of SLP/S41 quotes over this transition period"*

**(Agree, SLP)**

*"It allows the customer freedom of choice to get the best deal for themselves"*

**(Agree, NAV)**

Outcome:

We are encouraged that there was broad agreement from our respondents.

The comment from the respondent who disagreed, will be explored during the wider engagement during 2021/22. As an initial response we would clarify that infrastructure charge/income offset wouldn't be fixed for multiple years but that Developer/SLP would be subject to the infrastructure charge/income offset at the rates prevailing at the time of agreement.

We will continue as proposed for 2021/22.

## Part B – Bulk supply charges for NAVs

Part B of the consultation survey was only relevant to NAVs – one respondent provided feedback on this section of the document and answered the first question out of four.

### *Q12 Calculating avoided costs*

We proposed to retain the use of a middle-down approach for the calculation of avoided costs, with an increased detail on our approach to how we calculate our avoided costs for 2020/21 to enhance the transparency.

To what extent do you agree or disagree with our proposal to retain the use of a middle-down approach and to enhance the transparency with regards to how we calculate avoided costs by explaining our approach in more detail? – 'AGREE'

*"Beneficial to NAV's to provide more detail as to the calculation of avoided costs"*

**(Agree, NAV)**

The further three NAV related questions that were included in the consultation but that were not responded to were:

Q13 To what extent do you agree or disagree with our proposal to expand the set of avoided costs captured in our approach?

Q14 To what extent do you agree or disagree with our proposal to introduce a margin approach to compensate for the change in the income offset rule?

Q15 To what extent do you agree or disagree with our proposal to use a wider benchmark for leakage?

Outcome:

We welcome the feedback and are encouraged by the agreement.

We will provide a more detailed description of how avoided costs are calculated in our published NAVs charges documents. During this year we will work on a roadmap to enable bottom up avoided costs consultation for 2022/2023.

For the Part B questions that were not responded to, we will engage with NAV customers during 2021/22 to discuss.

We will proceed as proposed.

## Document improvements

Finally, all respondents were asked if they had any further comments that they wished to share on improvements to the Charging Arrangements document itself.

Four respondents left comments in relation to the document. Comments highlighted clarity and availability of information as a priority so as not to lead to bottlenecks in the process.

*"It would be helpful to have a clear reporting line in the quotes and where to reach out to in the event of delivery issues"*

**(Developer)**

*"The key for ourselves (and other SLP's) is the availability of information and the clarity with which it is communicated. Previous experience has resulted in bottle necks and a lack of info being provided as well as a reluctance to discuss problems in a solution focused manor. The changes proposed in the charges only goes some way to open this avenue back up to us as an SLP"*

**(SLP)**

*"Happy to discuss feedback further. Whilst happy for name to be associated with responses it is not to be used to imply any endorsement of the charging modifications until such time as the actual /proposed rates for 2021/2 are able to be shared"*

**(SLP Associate)**

*"Although it has been a struggle to keep to our programmes since the 1st lock down in March to June 20, it has been noticeable improvement on lead in times for Meters going on. I would also like to mention the staff in Developer services are always helpful and honest with getting dates in diary. Thank you"*

**(Developer)**

Outcome:

We welcome the feedback and we will consider these points during the continual review of our offering to customers and will be included in our wider engagement during 2021/22.

### **3. Next Steps**

We remain committed to working in an open, collaborative and transparent way when seeking to make improvements within our offering to all customer types.

We will further develop our thinking and documentation based on the outcomes stated in this report. Our new Charging Arrangements will be published by 31 January 2021 and will come into effect on 1 April 2021.

We have committed to wider engagement with our customers and stakeholders throughout 2021/22. We are aware of a industry working group being formed to increase the consistency of Charging Arrangements documents and welcome this step forward and will actively participate.

# Appendix

## Appendices A – Summary of consultation questions

1. Do you agree with the proposed changes to the application charge, as described in Table 2.1?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

2. Do you agree with the proposed changes to traffic management charges, as described in Table 2.3?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

3. We are proposing to maintain a flat rate for infrastructure charges rather than zonal. To what extent do you agree or disagree with this proposal?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

4. We are proposing to continue offering the same discount for water efficient properties and reduced charges for redeveloped sites. To what extent do you agree or disagree with this proposal? Do you have a suggestion of other ways of promoting water efficiency?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

5. For 2022/23, i.e. in two years' time, we propose to maintain the option to pay for the infrastructure charge in advance or upon connection but are considering applying the infrastructure charge prevailing at the time of payment.

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

6. We currently calculate the income offset using the DAD approach. Do you agree with this approach? If not, please provide alternative suggestions for the calculation of the income offset.

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

7. Do you agree with our areas of focus? Do you have further suggestions you wish to make that are not captured by any of the preceding questions?

8. Do you agree with the proposed changes to the presentation of our charges as described in Table 3.1?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please explain your score.

9. Would you find any specific additional worked examples to be helpful? Please elaborate on your response.

10. What other suggestions do you have for improving the presentation / layout of the Charging Arrangements?

11. To what extent do you agree or disagree with our transition arrangements proposal?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

12. To what extent do you agree or disagree with our proposal to retain the use of a middle-down approach and to enhance the transparency with regards to how we calculate avoided costs by explaining our approach in more detail?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

13. To what extent do you agree or disagree with our proposal to expand the set of avoided costs captured in our approach?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

14. To what extent do you agree or disagree with our proposal to introduce a margin approach to compensate for the change in the income offset rule?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

15. To what extent do you agree or disagree with our proposal to use a wider benchmark for leakage?

- Strongly agree
- Agree
- Disagree
- Strongly Disagree

Please elaborate on your response.

16. We therefore invite you to provide feedback on how we can improve our document. In your response you may wish to consider the following:

- What are your views on the existing bulk supply charges document?
- Would additional worked examples be useful to capture the complexity of different NAV sites, e.g. example for a non-standard NAV?

What other suggestions do you have for improving the bulk supply charges?