

Large User Tariff – Water Supply

Policy 2017-18 charging year

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Overview – Tariff structure and operation

Southern Water's large user tariff for water supply is an optional tariff. The Retailer must apply to us if they want a particular Site to be placed on the tariff, otherwise the Site will remain on the standard tariff, regardless of the volume of water supplied to the Site.

Working out eligibility

Our large user tariff is Site-based. All the water supplied to a single geographical Site may be totalled up and used in order to determine:

- i. whether the Site is eligible for the large user tariff (i.e., is the total volume supplied to the Site more than 4,999 m³ per annum?), and
- ii. the optimum large user tariff band.

In its simplest form, a Site may consist of a single Premise with a single meter. In its most complex form, a Site may comprise multiple co-located Premises with multiple meters.

Determining what constitutes a single site

In determining the Premises that constitute a single Site for the purposes of the large user tariff, Southern Water will make reference to Ofwat's published guidance on Water Supply Licensing eligibility <http://www.ofwat.gov.uk/publication/water-supply-licensing-guidance-on-eligibility/>.

Working out what LUT to choose

The threshold annual volume for the water large user tariff is 5 MI, and comprises four volume bands. The customer must select the volume band they want to be placed on. Southern Water does not proactively correct the volume band where actual volume falls outside the range of the band chosen by the customers. Also, Southern Water does not proactively place the Site back on the standard tariff where actual volume falls below 5 MI/a.

The large user tariff consists of three charges:

1. a large user volumetric charge per cubic meter for all water supplied to the Site
2. a standard fixed charge, and
3. a Site-based large user fixed annual charge - where the Site consists of more than one Premise, the fixed annual charge is only raised against one premise.

Understanding the premise fixed annual charge

In addition to the Site based fixed charge, each Premise on the Site attracts a banded fixed annual charge, based on the applicable large user tariff band for the site.

Where a Site comprises more than one Premise, one Premise will therefore attract a composite fixed charge, comprising:

- the Site-based large user fixed annual charge, and
- the Premise-base fixed charge.

All other Premises on such a Site will only attract the Premise-base fixed charge. **The composite fixed charge will show as a total figure in CMOS** as it is only possible to input one fixed charge.

Switching to a LUT

A Retailer may apply for a Site to be switched from the standard tariff to the large user tariff at any time during the charging year, and may apply for a Site to be switched from the large user tariff to the standard tariff at any time during the charging year. Southern Water shall make any such change of tariff effective from the start of the next billing period.

However, once a Site has switched to the large user tariff, only one request per annum will be accepted from the Retailer for a change to the tariff band. This change will be made effective from the start of the next charging year.

2017-18 charges

LUT Tariff Band	Volume M3/a	(A) LUT Volumetric charge – (£ per m ³)	(B) LUT Fixed annual charge – per site (£)	(C) LUT Fixed annual charge – per premise (£)
1	5,000 to 19,999	1.155	532	272
2	20,000 to 49,999	1.109	1,442	372
3	49,999 to 100,000	1.109	1,442	581
4	100,000 and over	0.987	13,711	1,089

2017-18 examples of composite charges

The table below provides the values of the total fixed annual charges that are applied to one Premise per Site. For the sake of clarity, these are calculated by adding the values of the two fixed annual charges in the table above (i.e., column (B) + column (C)), and are not additional charges to those set out in the table above. Any additional Premises on the Site would attract the fixed annual charge in column (C), but not the Large User Tariff Fixed Annual Charge in column (B).

LUT Tariff Band	Volume m ³ /a	Composite Fixed Annual Charge – applied to one Premise per Site (£)
1	5,000 to 19,999	804
2	20,000 to 49,999	1,814
3	49,999 to 100,000	2,023
4	100,000 and over	14,800

Other applicable charges

The Site may also attract sewerage and/or trade effluent charges, depending upon the wholesale services provided in respect of the Site.

Information on our sewerage and trade effluent charges can be found in our 2017-18 Wholesale Statement of Principles and Charges, which can be found on our website <https://www.southernwater.co.uk/information-leaflets>.

How can a retailer apply?

If a Retailer would like to switch a Site to the large user tariff they should complete H/04 form on the Retailer web portal, which can be accessed via the following link <https://www.southernwater.co.uk/retailers-introduction>.