

Large User Tariff – Sewerage Supply Policy 2017-18 charging year

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Overview – Tariff structure and operation

Southern Water's large user tariff for sewerage 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 sewage collected from the Site.

Working out eligibility

Our large user tariff is Site-based. All the sewage collected from a single geographical Site may be totalled up and used in order to determine whether the Site is eligible for the large user tariff (i.e., is the total volume of sewage collected from the Site >99,999 m³ per annum?).

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 sewerage large user tariff is 100 MI. Southern Water does not proactively place the Site back on the standard tariff where actual volume falls below 100 MI/a.

The large user tariff consists of three charges:

1. a large user volumetric charge per cubic meter for all sewage collected from 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, each Premise on the Site attracts a banded fixed annual charge.

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

The charges that apply for the charging year 2017-18 under the sewerage large user tariff are set out in the table below:

Volume m ³ /a	(A) LUT Volumetric charge – (£ per m ³)	(B) LUT Fixed annual charge – per Site (£)	(C) LUT Fixed annual charge – per Premise (£)
100,000 and over	1.648	61,594	1,089

The value of the total fixed annual charges that are applied to one Premise per Site is £63,015. For the sake of clarity, this is calculated by adding the values of the two fixed annual charges in the table above (i.e., column (B) + column (C)), and is not an additional charge 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).

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>.