

# NAV Charging Arrangements 2023–24

February 2023



from  
**Southern  
Water** 

# Southern Water

## NAV Charging Arrangements 2023-24

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## Section 1 – Introduction

1. This statement of NAV Charging Arrangements is published by Southern Water Services Limited as a wholesale supplier and shall come into operation from 1 April 2023 to 31 March 2024 inclusive.
2. These charging arrangements shall apply in respect of the supply of bulk services provided at a NAV Site to an appointed water and/or sewerage undertaker.
3. Nothing in this document shall affect the Company's powers or rights to enter into or be bound by agreements with persons to be charged, whether made before or after the coming into operation of this Statement.
4. The amounts now fixed by the Company in respect of the charges provided for in this Statement are those shown in the Schedule of Charges in Part 2 of Section 2, Part 2 of Section 3 and Part 1 of Section 4.
5. The Southern Water NAV Charging Arrangements 2022-23 is hereby revoked with effect from 1 April 2023, without prejudice to the recovery of charges due in accordance with that and other revoked charging arrangements.
6. These charges relate to bulk services (bulk supply and/or bulk discharge) to a New Appointee. Charges for new connection activities related to the connection of bulk services, including infrastructure charges, are provided for in the New Connections Services Charging Arrangements.
7. These charges include an application fee to NAVs in the 2023/24 charges to cover the cost of both water and waste capacity modelling, as set out in New Connections Services Charging Arrangements.
8. Charges for other wholesale services, such as trade effluent and non-primary activities, will be as published in the Southern Water Services Limited Wholesale Statement of Principles and Charges.

## Section 1 Part 2 – Interpretation and Supplemental Provisions

### 1. Interpretation

#### 1.1 In this NAV Charging Arrangements,

"the Company" means Southern Water Services Limited;

"Connected Premises" are any premises which

- (i) are drained by a sewer or drain connecting, either directly or through an intermediate sewer or drain, with a public sewer of the Company, or
- (ii) have a supply of water connecting, either directly or indirectly through an intermediate network, with the mains network of the Company.

"Non-household Premises" are any premises which are eligible to be switched to another Retailer in accordance with the eligibility guidance issued by the Water Services Regulation Authority;

"Sewerage Services" exclude services carried out in the course of trade effluent functions;

"Effluent" includes, where appropriate, the terms "sewage", "wastewater", "surface water", and "trade effluent";

"Surface Water" means rain water falling onto the curtilage of connected premises that drains directly or indirectly to a public sewer;

"Site" is the area, as defined in the variation of appointment under sections 7(2) and 7(4)(b) of the Water Industry Act 1991, provided with a bulk service.

"DPID" means Discharge Point Identifier as defined in the Market Operator Services Limited Wholesale-Retail Code Part 1: Objectives, Principles and Definitions.

"Central Market Operating System (CMOS)" means the core IT system of the Market Operator Services Limited;

"New Appointee" means the licensed water and/or sewerage undertaker that has been granted a variation of appointment for the Site;

"NAV" means New Appointment and/or Variation

## Section 2 – NAV Bulk Supply Charges

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## Part 1 – NAV Bulk Supply Charges

### 1. Volume Charge

- 1.1 The charges for a NAV bulk water supply shall comprise a volume charge.
- 1.2 The volume charge shall be calculated as follows:
- (i) The volume charge shall be calculated by multiplying a unit charge by the volume of water recorded by the bulk meter(s) supplying the site. The unit charge applicable shall be determined by reference to the number of Connected Premises currently connected to the New Appointee's distribution network.
  - (ii) Where for any reason a bulk meter is not available (predominantly for small sites) the volume of water supplied for the period will be based on the aggregate water supply (metered and assessed) consumption at all Connected Premises within the area of appointment without an allowance provided for leakage. The volume charge shall be calculated by multiplying a unit charge by the aggregate consumption. The New Appointee shall provide to Southern Water the aggregated and disaggregated consumption volumes of water recorded at all Connected Premises on a quarterly basis on 1 April, 1 July, 1 October and 1 January.
- 1.3 Where SWS Ltd provides a Back-Up Supply in circumstances where problems with providing the Bulk Supply have arisen on SWS Ltd's side of the Point of Connection due to reasons that could have been prevented by SWS Ltd exercising Good Industrial Practice the supply shall be deemed to be provided at the unit rate applying for the Bulk Supply.

### 2. NAV Bulk Charge Tariff Band

- 3.1 The tariff band of the unit charge applicable shall be determined by reference to the current number of Connected Premises.
- 3.2 The New Appointee shall provide details of each premises connected to the New Appointee's distribution network during the previous charging period, in a format requested by Southern Water.

### 4. Bespoke Tariffs

- 5.1 The NAV bulk supply tariffs are calculated using the relevant wholesale tariff and deducting avoided costs. For simplicity, the relevant wholesale tariff is based on the household wholesale tariff which is lower than our standard non-household tariff, providing the lowest tariff.
- 5.2 For sites which have Non-household Premises where a large user tariff (LUT) is applicable, a bespoke bulk tariff will be calculated based on the weighted average wholesale tariff. This would apply where there is a Non-household Premises within the NAV Site with a water consumption over 5MI per annum.
- 5.3 The weighted average wholesale tariff would be calculated based on the following formulas:

Weighted Average Wholesale Tariff – Water

$$= \frac{[(V_{hh} * C_{hh}) + (V_5 * C_5 + F_5) + (V_{20} * C_{20} + F_{20}) + (V_{100} * C_{100} + F_{100})]}{[V_{hh} + V_5 + V_{20} + V_{100}]}$$

Where C is the volumetric charge, V is the assumed consumption and F is the fixed charge associated with the large user tariff.

- 5.4 For the calculation of bespoke tariffs, New Appointees are required to provide the number of Non-household Premises on each large user tariff and the annual forecast volumes at 31 March each year. This forecast will be used to calculate the weighted average wholesale tariff and the associated bespoke tariff for the upcoming year. We will also require the actual volumetric consumption for each customer on each large user tariff band on 31 March for the previous year. Should the actual volumes vary from the forecast by greater than 5% of the total billed large user volume, we reserve the right to apply a true-up adjustment.

## 6. Leakage Allowance

- 6.1 A leakage allowance has been applied to the volumetric discount.
- 6.2 No leakage allowance will be applied in cases where the measured volume is calculated by means of aggregated end consumer consumption.

## 7. Infrastructure Charges

- 7.1 A charge for network reinforcement will be due on each Connected Premises which ultimately connect to the Southern Water network that equates to the water infrastructure charge that would be payable to Southern Water under the Water Industry Act and the Charges Scheme for each premises connected to the New Appointee's water mains if Southern Water was the appointed water undertaker for the Premises in place of New Appointee.
- 7.2 This will include any income offset or environmental incentives provided for in the New Connection Services Charging Arrangements.

## 8. Invoicing of Charges

- 8.1 Within ten (10) Business Days of the receipt of the meter reading, SWS Ltd will invoice for the charges.
- 8.2 The New Appointee shall pay the amount invoiced to SWS in full and without deduction within fifteen (15) Business Days of the date of the invoice.

## 9. Value Added Tax

- 9.1 Water services charges are within the scope of VAT. The charges in Part 2 of this section, Schedule of NAV Bulk Supply Charges, are shown exclusive of VAT, which will be charged in addition if applicable.

## Part 2 – Schedule of NAV Bulk Supply Charges 2023-24

<b>MEASURED CHARGES £</b>	
<b>Measured water supplies</b>	
Unit volume charge - per cubic metre (<20 properties)	<b>£1.716</b>
Bulk supply charges >20 properties	
(i) Band 1 (20 to 50 properties)	<b>£1.531</b>
(ii) Band 2 (50 to 250 properties)	<b>£1.333</b>
(iii) Band 3 (250 to 1000 properties)	<b>£1.278</b>
(iv) Band 4 (>1000 properties)	<b>£1.236</b>

Charges are shown exclusive of VAT.

<b>NAV Application Charges</b>	<b>Water</b>
0-50 units	£197
51-250 units	£593
>251 units	£792



## Section 3 – NAV Bulk Discharge Charges

### Section 3 Contents

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## Part 1 – NAV Bulk Discharge Charges

### 1. Volume Charge

- 1.1 The charges for a NAV bulk discharge services shall comprise a volume charge.
- 1.2 The volume charge shall be calculated as follows:
- (i) The volume charge shall be calculated by multiplying a unit charge by the calculated volume of discharged effluent. The volume of discharge will equal 92.5% of the volume of water recorded by the bulk meter(s) supplying the Site with an allowance provided for leakage. The unit charge applicable shall be determined by reference to the number of Connected Premises currently connected to the new appointee's distribution network.
  - (ii) Where for any reason a bulk meter is not available (predominantly for small sites) the volume of discharge will equal 92.5% of the aggregate water supply (metered and assessed) consumption at all Connected Premises within the area of appointment without an allowance provided for leakage. The volume charge shall be calculated by multiplying a unit charge by the calculated volume of discharge. The New Appointee shall provide to Southern Water the aggregated and disaggregated consumption volumes of water recorded at all Connected Premises on a quarterly basis on 1 April, 1 July, 1 October and 1 January.
- 1.3 Where any Connected Premises within the NAV are supplied with water both through a meter and by private means, the charges for bulk discharge services shall be determined by Southern Water as though all water was supplied by a measured water supply. The New Appointee has an obligation to provide any such information regarding additional water supplies required to calculate the appropriate discharge volumes on a quarterly basis.

### 2. NAV Bulk Charge Tariff Band

- 2.1 The tariff band of the unit charge applicable shall be determined by reference to the current number of premises connected to the new appointee's distribution network.
- 2.2 The New Appointee shall provide details of each premises connected to the New Appointee's network during the previous charging period, in a format requested by Southern Water.

### 3. Bespoke Tariffs

- 3.1 The NAV bulk supply tariffs are calculated using the relevant wholesale tariff and deducting avoided costs. For simplicity, the relevant wholesale tariff is based on the household wholesale tariff which is lower than our standard non-household tariff, providing the lowest tariff.
- 3.2 For sites which have Non-household Premises where a large user tariff (LUT) is applicable, a bespoke bulk tariff will be calculated based on the weighted average wholesale tariff. This would apply where there is a Non-household Premises within the NAV Site with a wastewater discharge of over 100MI per annum.
- 3.3 The weighted average wholesale tariff would be calculated based on the following formulas:

Weighted Average Wholesale Tariff – Wastewater

$$= \frac{[(V_{hh} * C_{hh}) + (V_{100} * C_{100} + F_{100})]}{[V_{hh} + V_{100}]}$$

Where C is the volumetric charge, V is the assumed discharge volume and F is the fixed charge associated with the large user tariff.

- 3.4 In order to calculate the bespoke tariff, New Appointees are required to provide the number of Non-household Premises on each large user tariff and the annual forecast volumes at 31 March each year. This forecast will be used to calculate the weighted average wholesale tariff and the associated bespoke tariff for the upcoming year. Southern Water will also require the actual volumetric consumption for each Non-household Premises on each large user tariff band on 31 March for the previous year. Should the actual volumes vary from the forecast by greater than 5% of the total billed large user volume, we reserve the right to apply a true-up adjustment.
- 3.5 Where an on-site pumping station is operated by the new appointee, a bespoke discount will be provided by Southern Water based on the specification of the pump operated.

#### 4. Leakage Allowance

- 4.1 A leakage allowance will be applied to the measured volume of water recorded at the bulk meter(s) as having been supplied.
- 4.2 No leakage allowance will be applied in cases where the measured volume is calculated by means of aggregated end consumer consumption.

#### 5. Surface Water Charges

- 5.1 The Effluent shall not contain surface run-off water, subsoil water or water draining from a street unless provided for in the site specific bulk discharge agreement.
- 5.2 Where we do provide a connection for surface water, a proportion of the aggregated surface water charge will be applied to the relevant starting point each billing period.

#### 6. Highway Drainage Charges

- 6.1 A proportion of the aggregated highways drainage charge will be included in the relevant starting point each billing period.

#### 7. Trade Effluent Charges

- 7.1 Trade effluent charges are payable in pursuance of a trade effluent consent, for the discharge of trade effluent from trade premises either directly or through an intermediate sewer or drain, into the Southern Water sewerage network.
- 7.2 The charge for Trade Effluent consented by Southern Water and discharging to the Sewerage Network will be calculated in accordance with the Southern Water Services Limited Wholesale Statement of Principles and Charges.
- 7.3 For all DPIDs within the site, the new appointee shall submit all settlement information contained within the Retail Market D2 Settlement Report to SWS Ltd within five (5) Business Days after the Central Market Operating System monthly settlement report is issued.

- 7.4 Data for all settlement runs (P1, R1, R2, R3, R4 and RF) shall be provided for each DPID, along with a reconciliation report to identify and quantify any difference in charges between settlement runs for each DPID.

## 8. Infrastructure Charges

- 8.1 A charge for network reinforcement will be due on each Connected Premises which ultimately connect to the Southern Water network that equates to the wastewater infrastructure charge that would be payable to Southern Water under the Water Industry Act and the Charges Scheme for each Connected Premises connected to the New Appointee's sewerage network if Southern Water was the appointed sewerage undertaker for the premises in place of New Appointee.
- 8.2 This will include any income offset or environmental incentive provided for in the New Connection Services Charging Arrangements.

## 9. Invoicing of Charges

- 9.1 Within ten (10) Business Days of the receipt of the meter reading, SWS Ltd will invoice for the charges.
- 9.2 The New Appointee shall pay the amount invoiced to SWS in full and without deduction within fifteen (15) Business Days of the date of the invoice.

## 10. Value Added Tax

- 10.1 Wastewater service charges are within the scope of VAT. The charges in Part 2 of this section, Schedule of NAV Bulk Discharge Charges, are shown exclusive of VAT, which will be charged in addition if applicable.

## Part 2 – Schedule of NAV Bulk Discharge Charges 2023-24

<b>MEASURED CHARGES £</b>	
<b>Sewerage services</b>	
Unit volume charge – foul water drainage - cubic metre (<20 properties)	<b>£2.176</b>
Bulk discharge charges >20 properties	
(i) Band 1 (20-250 properties)	<b>£2.074</b>
(ii) Band 2 (250-1000 properties)	<b>£1.856</b>
(iii) Band 3 (>1000 properties)	<b>£1.834</b>

Charges are shown exclusive of VAT.

<b>NAV Application Charges</b>	<b>Waste</b>
0-50 units	£197
51-250 units	£593
>251 units	£792

Highway Drainage Charges

<b>Highway Drainage Charge Annual £ per property</b>	<b>Quarterly Bulk Charge £ per property</b>
£11.50	
Band 1 (20-250 properties)	£2.74
Band 2 (250-1000 properties)	£2.45
Band 3 (>1000 properties)	£2.42

## Section 4 – Site specific discounts for on-site pumping stations

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## Part 1 - Variation to NAV bulk charges for on-site wastewater pumping stations 2023-24

### Bulk Charges Annual Fixed Discount

<b>ANNUAL FIXED DISCOUNT £</b>		
<b>Applied to sites with on-site wastewater pumping stations</b>		
Pumping Station Size		
(i)	Band 1 (2 kW)	<b>£1,400</b>
(ii)	Band 2 (5 kW)	<b>£2,600</b>
(iii)	Band 3 (10 kW)	<b>£4,700</b>
(iv)	Band 4 (20 kW)	<b>£8,900</b>
(v)	Band 5 (40 kW+)	<b>£17,000</b>

Where appropriate, the site-specific pumping station avoided costs will be applied as a proportion of the fixed annual discount each billing period.

The discount band will be based on the size of the primary pump operated and maintained by the New Appointee.