

AffinityWater

Charging Consultation Response for 2024/2025

Development Experience New Connections

November 2023



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Introduction

Our Development Experience team are committed to providing water supplies to new developments, enabling growth in our region, and supporting effective markets.

We are passionate about providing an outstanding level of customer service and recognise the importance of gaining feedback on our strategic direction.

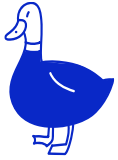
We will publish our final charges for new connections services and infrastructure charges by 1st February 2024. The proposed charges in this consultation document are for consultation purposes only and may differ from our final charges. An inflation figure has been applied to charges in line with forecast, to ensure figures are as reflective as possible at this stage.

This document is designed to accompany our consultation video also available on our website. We invited you to share your feedback on the following questions:

- 1. WHAT ARE YOUR OPINIONS ON INCLUDING A BACKWARDS LOOKING VIEW TO CALCULATE THE INFRASTRUCTURE CHARGE?**
[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]
- 2. TO WHAT EXTENT DO YOU AGREE WITH THE REMOVAL OF INCOME OFFSET THIS YEAR TO ENSURE ACCORDANCE WITH OFWAT GUIDANCE?**
[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]
- 3. TO WHAT EXTENT DO YOU AGREE WITH OUR PROPOSAL TO INCREASE WATER EFFICIENCY DISCOUNTS?**
[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]
- 4. WHAT ARE YOUR OPINIONS ON ENCOURAGING WATER EFFICIENT PROPERTIES WITHIN OUR AREA?**
- 5. WHAT ARE YOUR OPINIONS ON THE ALIGNMENT OF CUSTOMER JOURNEYS, WHETHER YOU BE A SMALL OR LARGE DEVELOPER, NAV OR SELF-LAY PROVIDER?**
- 6. TO WHAT EXTENT DO YOU AGREE THAT AN INCREASED ONSITE PRESENCE IMPROVES VALUE FOR MONEY?**
[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]
- 7. WOULD YOU BE INTERESTED IN USING OUR PROPOSED NEW DESIGN SERVICES IN THE FUTURE?**
[YES, MAYBE, NO, N/A]
- 8. WHAT AREAS ARE YOU MOST INTERESTED IN HEARING ABOUT IN ADVANCE?**
[REGULATORY CHANGES, DIGITAL UPGRADES, NEW PUBLICATION RELEASES, KEY INDUSTRY EVENTS, OTHER]
- 9. DO YOU HAVE ANY ADDITIONAL COMMENTS OR SUGGESTIONS YOU'D LIKE TO SHARE WITH US?**
- 10. WHERE DID YOU COME ACROSS THIS CONSULTATION?**
[WEBSITE, VIDEO, LINKEDIN, EMAIL, OTHER]

Each year we publish our new connections charging arrangements for development customers, to explain the charges associated with services which support growth and new developments in our region. As part of this process, we consult with our customers to understand their views on any proposed changes, as well as feedback on best practice across the industry.

We have taken on board your feedback to ensure our charges for next year reflect what is important to you. Feedback has been anonymised and published in this decision document. Should you wish to discuss any of the topics further, please contact us via our dedicated charging email: charges@affinitywater.co.uk.



1. Infrastructure Charge

The purpose of an infrastructure charge is to enable a charge to be levied to broadly reflect the expected additional load placed on our network by the connection of premises not previously connected to it. Infrastructure charges do not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure to address pre-existing deficiencies in capacity or capability.

We have calculated our forecasted infrastructure charge in line with Ofwat charging rules, with a fully forward-looking perspective. We consider forecasted connections volumes for AMP7 and into AMP8, alongside the future expected expenditure for network reinforcement to support our regional growth.

Our infrastructure charge is set at a flat rate per property connected for domestic purposes. We have calculated our indicative 2024/2025 infrastructure charge using the elements outlined in figure 1.

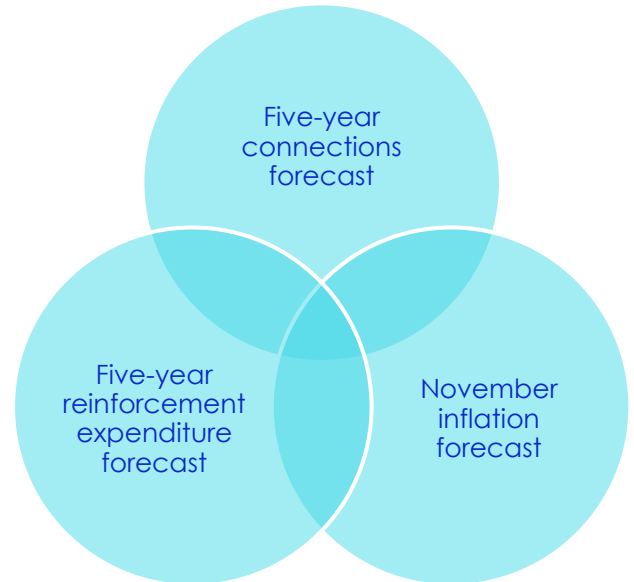


Figure 1: Data points to calculate infrastructure charge

To ensure we have used appropriate and reasonable forecasts for the above calculation, we have undertaken additional supporting assurance using historic actual values.

The forecasted infrastructure charge includes an uplift to reflect our forecasted CPIh (Consumer Price Index – housing) inflation value for November 2023, which will be confirmed and released around mid-December 2023; until then, this value is subject to change. Over the last few years, we have seen inflation rise considerably, we understand this can be unsettling when considering charging predictability and stability.

2023/2024 Infrastructure Charge	Proposed 2024/2025 Infrastructure Charge	% Change
£434	£585	35%

Table 1: Infrastructure charge comparison

As a result of the current unsettled housing market and the subsequent effect upon our national economy we have seen a slow decline of new connections being made to our network. With uncertainty remaining, our aim is to reflect these latest unexpected changes in our forecasted data to ensure the values we propose, and will later finalise in our February 2024 publication, are accurate and representative of the developments and growth in our region.



Below outlines the detailed build-up of how the forecasted infrastructure charge has been calculated. Table 2 is a replica of that published in our current charging arrangements¹. It will be finalised and included in our 2024/2025 charging arrangements published by 1st February 2024.

Calculation of Proposed Infrastructure Charge		
Description	% Uplift	Values
Total cost of network reinforcement (growth) in forward 5-year period		£28,817,068.95
Total connection volume in forward 5-year period		51,536
Initial infrastructure charge		£559.16
Forecasted November 2023 inflation	4.7	£26.28
Proposed infrastructure charge for 24/25		£585

Table 2: Calculation of proposed infrastructure charge

Whilst we note this change in infrastructure charge is significant, we would like to take this opportunity to assure you that our average five-year programme for network reinforcement remains relatively stable. Our approach to setting this charge remains the same and is fully compliant with the charging rules. The programme remains subject to fair and effective analysis to ensure we provide successful just-in-time reinforcement deliverables. However, growth remains a market challenge and has seen a significant reduction in build rates and properties connected.

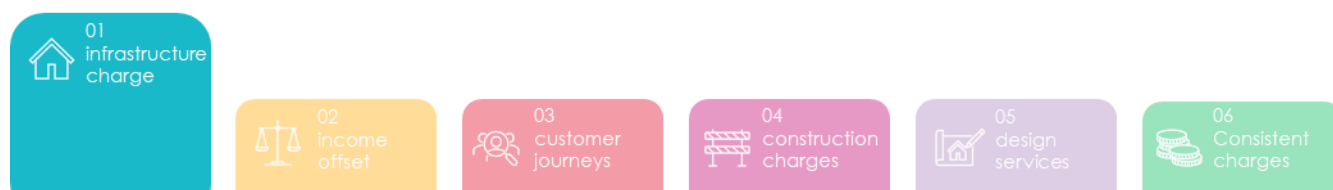
Where the programme remains at a consistent and appropriate level for areas of growth occurring in our region, and the approach to infrastructure charge setting remains the same, we have seen the proportionate infrastructure charge allocation per customer increase. This change aligns to the reduction in properties forecasted to be connected to our network over the next five years.

Ofwat noted in their most recent consultation that consideration was being undertaken to, again, review the way the infrastructure charge is calculated². The proposed methodology would allow for incumbents to include historical variances between expenditure and revenue when setting new infrastructure charges. We believe this would allow infrastructure charges to be reflective and adaptive to market trends and deliverables seen over time adding greater protection to both customers and the network. The consultation also explores an industry comparison of the cumulative variance between infrastructure costs and revenues.

The way this charge is applied to and recovered from customers is not anticipated to change. There will remain an infrastructure charge for each property connected to the network.

¹ <https://www.affinitywater.co.uk/docs/developer/2023/2023.24-New-Connections-Charging-Arrangements.pdf>

² <https://www.ofwat.gov.uk/wp-content/uploads/2023/08/Changing-Ofwats-charging-rules-to-support-the-new-developer-services-framework.pdf>



Although this proposal is driven by our regulator, we would like to take this opportunity to understand your opinions on such an approach.

Q1: WHAT ARE YOUR OPINIONS ON INCLUDING A BACKWARDS LOOKING VIEW TO CALCULATE THE INFRASTRUCTURE CHARGE?

Response

Q1

While the majority of respondents did not provide specific views on the proposed regulatory change involving a retrospective assessment in the infrastructure calculation, insightful feedback was provided by some New Appointee and Variations. Notably, it was emphasised that developers should not incur the penalties resulting from incumbent mismanagement regarding their reinforcement programs. They highlighted that seeking income to rectify such issues should not be at the expense of developers.

We are confident that Ofwat will consider the perspectives of all market players when formulating guidance for future years. We understand that charges should accurately reflect the relevant costs incurred for the works undertaken by incumbents. We are committed to operating within the regulatory framework, ensuring fairness in our charges while consciously safeguarding the interests of our customer base. Our approach is geared towards upholding transparency, fairness, and a comprehensive consideration of our customers' needs within the regulatory landscape.

We expect to see the results of the 2023 consultation next year in advance of the new asset management period to allow comprehensive preparation to be made.



2. Income Offset and Water Efficiency



Over time, the approach and development of income offset has changed, we outline this in more detail below (figure 2).

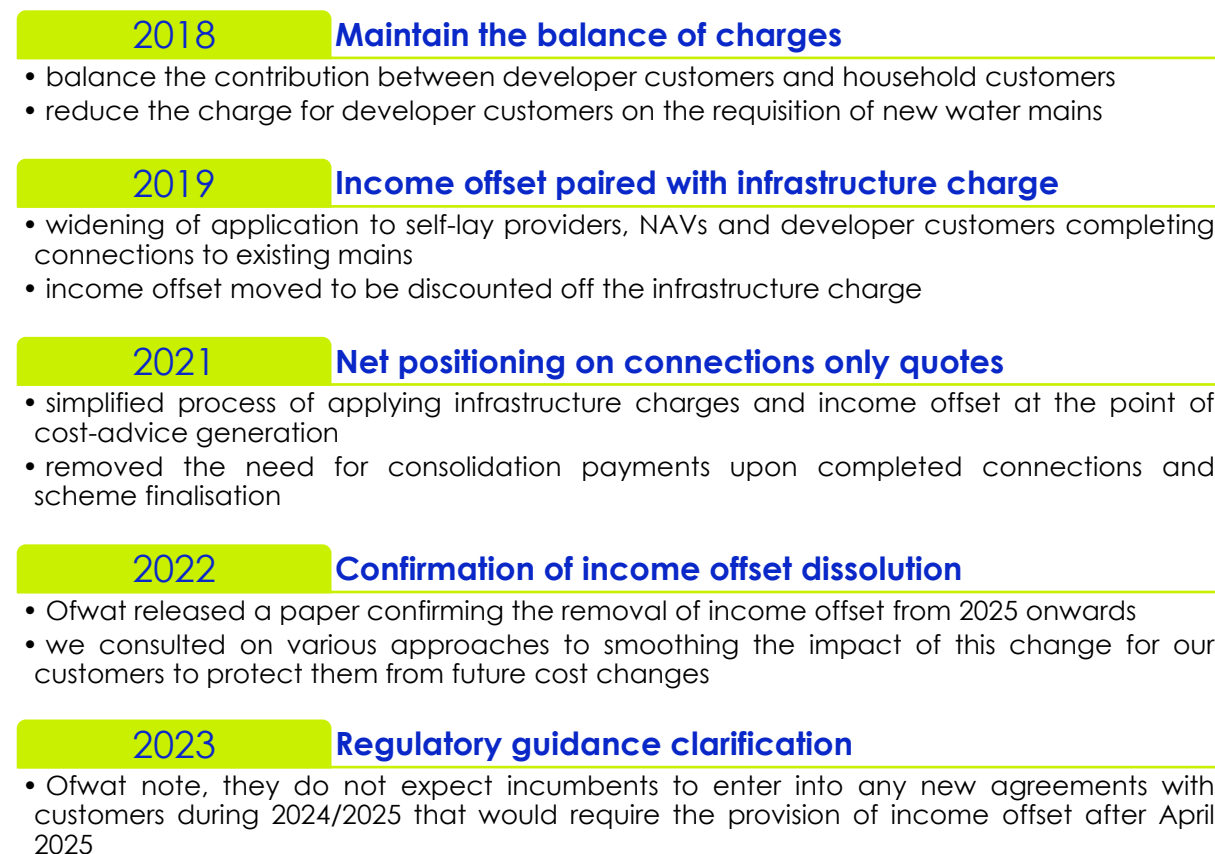


Figure 2: Timeline of changes to the income offset

In our 2022 customer consultation we proposed three options on how we could approach the handling of income offset in lieu of the confirmation of income offset dissolution³. In line with our customer preferences, we opted to undertake 'option 1'. This option maintained the same level of total discount off the infrastructure charge as previous years but proportioned differently across income offset and water efficiency.

We noted last year that we would consult again on the application of a glidepath approach to the journey of diminishing income offset. However, under the new guidance from Ofwat, whereby incumbents should not enter any new agreements which require the provision of income offset post-April 2025, we propose to remove income offset in 2024/2025. This will ensure any schemes which fall within our transition period are not in breach.

To help reduce the impact our customers may feel as a result of this change, we propose to continue our strategy of increasing the water efficiency discount for properties which meet our criteria and provide relevant documentation upon application.

³ <https://www.affinitywater.co.uk/docs/developer/2022/DX-Charging-Consultation-Response-23.24.pdf>

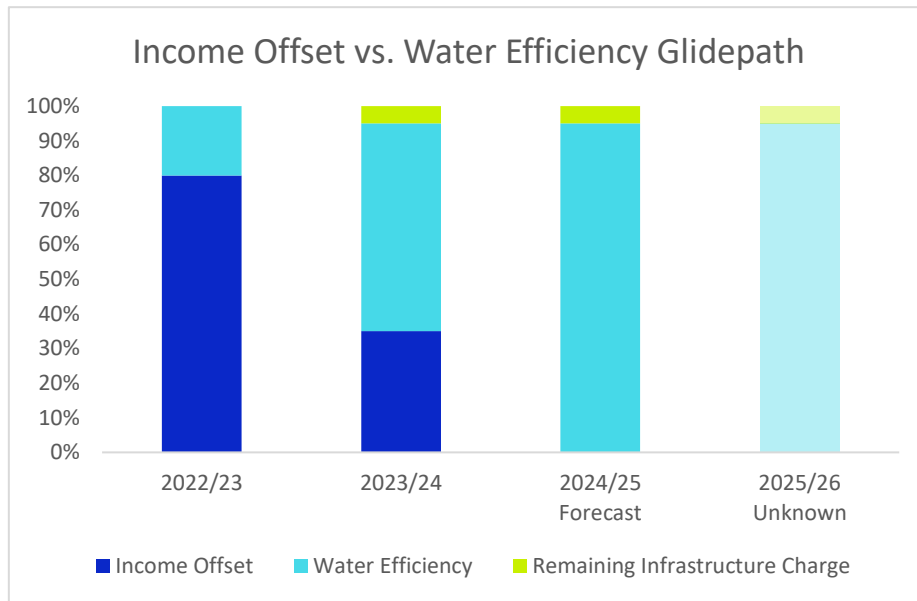


Figure 3: Income Offset vs. Water Efficiency Glidepath

We believe this approach provides:

- a relatively stable discount against the infrastructure charge,
- encouragement to explore more water efficient connections,
- alignment with new regulatory guidance,
- a reduction in the impact which otherwise could be felt in 2025 when regulation removes income offset and,
- a simple, easy to understand, and predictable structure of our development charges

Ofwat, earlier in 2023, also consulted on the approach to setting industry standard water efficiency discounts to encourage consistent methodologies whilst encouraging bespoke discounts to be provided by incumbents for extraordinary water saving initiatives⁴. More information on this topic is available on their website.

Q2: TO WHAT EXTENT DO YOU AGREE WITH THE REMOVAL OF INCOME OFFSET THIS YEAR TO ENSURE ACCORDANCE WITH OFWAT GUIDANCE?

[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]

Q3: TO WHAT EXTENT DO YOU AGREE WITH OUR PROPOSAL TO INCREASE WATER EFFICIENCY DISCOUNTS?

[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]

Q4: WHAT ARE YOUR OPINIONS ON ENCOURAGING WATER EFFICIENT PROPERTIES WITHIN OUR AREA?

⁴ <https://www.ofwat.gov.uk/wp-content/uploads/2023/06/Consultation-on-Environmental-incentives-to-Support-Sustainable-New-Homes.pdf>

Response

Q2

Over 65% of our consultation respondents expressed agreement or strong agreement with the removal of income offset for the forthcoming charging period, a move crucial for ensuring our compliance with the new regulatory guidance. Notably, none of our respondents opposed this proposal. While some self-lay respondents remained neutral on the matter, neither in favour nor against, we will continue to proceed in accordance with our proposed plans and, now confidently, in alignment with the views of our customers.

Recognising the impact this decision holds for all our 2024/25 customers, we've made efforts to inform and provide advance notice of this impending change wherever feasible. Additionally, as explored elsewhere in the paper, we've proposed to somewhat mitigate this impact by enhancing our provision for water efficiency discounts for qualifying water-efficient homes within our area. We hope that this consideration and proactive approach underscore our dedication to addressing the implications of this change effectively. It is our ongoing commitment to maintain transparent customer charging practices while actively safeguarding and promoting the protection of our local environment.

Q3

We are pleased by the level of support received for our proposal to enhance the water efficiency discount. We are hopeful there will be an increase in the development of water-efficient homes within our area. We will continue to work toward determining what this increase will look like over the coming months and will issue the final values in our January publication of our New Connection Charging Arrangements.

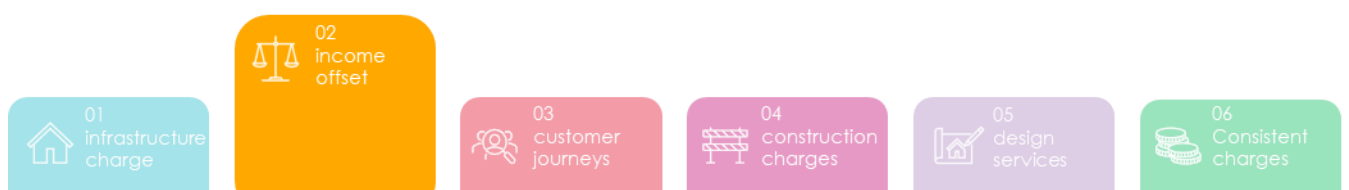
We would like to use this opportunity to remind our valued customers that to qualify for this discount, it is essential to submit accurate, suitable, and relevant calculations for each property or property type alongside your applications. This early submission is crucial for us to effectively apply the relevant discounts. Regrettably, retrospective discounts for water-efficient properties cannot be accommodated at this time in the absence of these essential calculations submitted together with each application.

Q4

Understanding that water efficiency holds significant importance during the planning and cost evaluation stages of developments, irrespective of their scale, we are actively exploring avenues to promote greater uptake of water-efficient practices within our region. This pursuit aligns with our community's shared goal of easing water scarcity in our area. We recognise the complexity of this challenge and are committed to supporting all our customers in this aspect.

Over the years, we have consistently sought insights on how to enhance water efficiency, and this year is no exception. However, responses to this query have been continually limited, indicating the widespread challenge in approaching this issue effectively.

While most customer segments did not express a strong inclination towards new approaches to encourage water efficiency by incumbents, some NAVs highlighted an opportunity to



leverage the wholesale minus approach more extensively. This approach could involve developments playing a significant role in restoring a more sustainable water supply balance. This perspective sheds light on an alternate avenue to bolster water efficiency practices within our region and is one which we will further investigate.

3. Customer Journeys

We are committed to ensuring your experience with us is easy and seamless. As such, so far this year, we have made significant strides in enhancing our backend system capability and improving our website with the goal of bettering our service for all customer types. Below (figure 4) are our highlights of deliverables since April 2023 to enhance the journeys our customers go through.

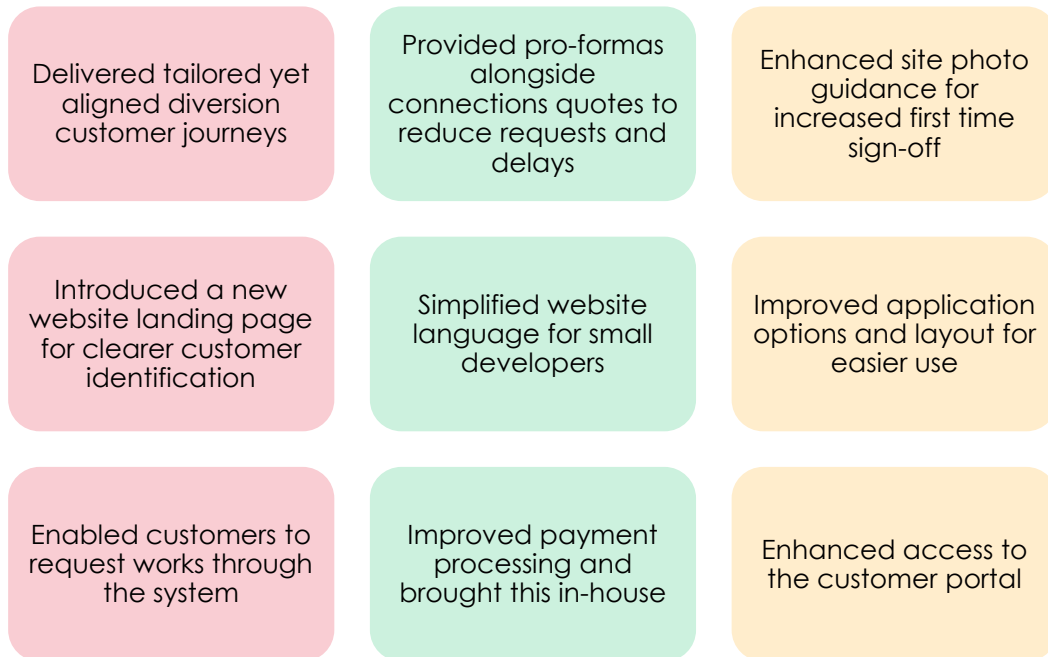


Figure 4: Delivered digital highlights.

We are pleased to also share that our efforts in website development and enhancement have not gone unnoticed; the latest Accent report noted there has been substantial improvements made. We recognise that the digital space is where the majority of our customers engage with us, and we are dedicated to building on the successes of the past year. It is our continued aim to make your online interactions with us as smooth and user-friendly as possible.

Moving into 2024/2025, we propose to increase the focus on self-lay and NAV journeys. These journeys are critical in delivering against our promise to encourage the open market and improve accessibility for other market players.

To ensure this work aligns with the charging principles and competition law, we note full and careful consideration will be applied to the analysis of system upgrades. We propose to more closely align self-lay and NAV journeys to those experienced by other developer customers. Ultimately, we hope this will improve deliverable speed, quality and transfer of information for all our customers.

One other key customer alignment we propose to implement for the 2024/2025 charging period is a change to the fee structure for NAV customers covered under our Bulk Supply

Charges for New Appointments and Variations⁵. This is the last remaining customer type which incurs a re-application fee; we have slowly phased this out for other customer types over the last few years. As such, we propose to remove this fee from the structure. While this partially aligns NAV charging to that of our other customers, we further propose to complete full alignment and introduce a re-design fee.

As standard, we ensure the costs are fair and allied across the Bulk Supply Charges for New Appointments and Variations document and the New Connection Charging Arrangements. We propose to maintain this approach and ensure the lower band (1-49 properties) of new mains fees (application, design, and administration) are in line with the charges NAV customers incur. We will provide clear and detailed guidance in the associated charging publications on the application of such fees, when they become liable and the activities they cover.

Q5: WHAT ARE YOUR OPINIONS ON THE ALIGNMENT OF CUSTOMER JOURNEYS, WHETHER YOU BE A SMALL OR LARGE DEVELOPER, NAV, OR SELF-LAY PROVIDER?

Response

Q5

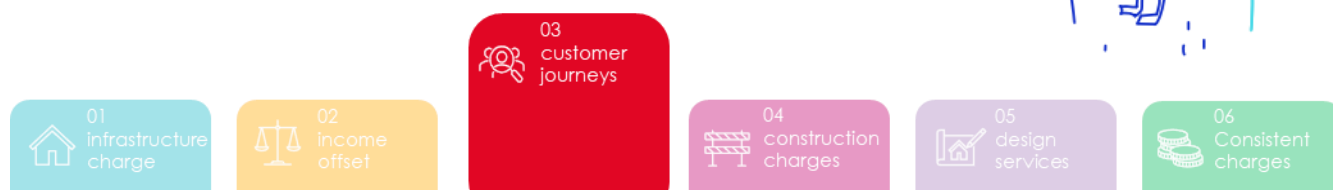
Almost all customer segments elected not to provide views on the alignment of customer journeys. While no comments were provided from self-lay providers irrespective of the notice that work will be undertaken next year to bring their experience further in line with others who are served by us, we remain open to discussion and happy to work collaboratively where customers are keen to be involved.

No specific feedback was provided on the proposals outlined in the consultation regarding the alignment of our charging structure and overall journey experience, however, other opinions were shared. There was a prevailing sentiment that NAVs should have greater autonomy to operate independently of incumbent operations, particularly when looking to connect directly onto the existing network. Notably, some expressed a desire for NAV customers to have self-serving capabilities, detached from incumbent charges and associated charging models.

We understand that as the market continues to evolve there will be considered changes to the approach of connecting new developments to the collective existing network, not just locally but nationally. We continue to support the development of the open market and encourage alternative delivery options to be available to all customer types. Whilst there are no current indications from our regulators that a self-serve model for NAVs is on the near horizon, we remain open and willing to discuss the evolution of services to ultimately deliver against customer needs both in the developer and domestic customer arenas.



⁵ <https://www.affinitywater.co.uk/docs/developer/2023/Bulk-Supply-and-NAV-Charges-2023-24.pdf>





4. Construction Charges and Onsite Services

Each year our portfolio of charges and associated delivery activities undergo a full bottom-up, cost reflective review to ensure we continue to provide a high-quality service whilst supporting an open market and adhere to the new connection charging rules.

During this analysis and on review of the application of construction out of hours uplifts for schemes across the year, we have identified a cost-saving opportunity for our customers. We propose to build into our scope of works for the next major system upgrade, to provide our Application and Cost Engineers with increased functionality to more accurately allocate the out of hours uplift for construction lines. In 2023/2024 the out of hours construction uplift was set at 66%, and so we are confident that this proposal will have a significant and positive impact.

This change will result in cost reductions for those customers whose connections only scheme requires out of hours construction works to be undertaken. This proposal will align the system charging approach between our connections only and new mains customers, who already benefit from this approach. The delivery of this proposal remains subject to confirmation of functionality implementation by our system delivery partners.

In addition to the above, we propose to provide an enhanced site visibility programme for 2024/2025. This will allow our skilled Liaison Engineers and Technical Extra Care and Delivery Engineers to be more on-hand during the construction phase of scheme delivery. This proposal has been developed to deliver against the needs of, improve the experience of and deliver greater value for money for our customers.

As a result of the efficiencies made over the last few years from our departmental restructure, system changes and enhanced training we do not anticipate this additional service to significantly impact the cost of our standard fees. Full and detailed analysis has been undertaken to review resource allocation and activities to effectively mitigate unwanted cost increases whilst balancing the need for an enhanced service offering.

Q6: TO WHAT EXTENT DO YOU AGREE THAT AN INCREASED ONSITE PRESENCE IMPROVES VALUE FOR MONEY?

[STRONGLY AGREE, AGREE, NEITHER AGREE NOR DISAGREE, DISAGREE, STRONGLY DISAGREE]

Response

Q6

We are pleased to note that there were no responses disagreeing with the proposed added value offering of increased onsite presence next year. We understand it may not be wholly required for a select group of customer types including self-lay providers or NAVs but will be highly beneficial to those who may feel less experienced in major construction projects.

There was positive support from developers for this proposal and as such we are excited to continue sharing our expertise and helping those who need it most when it comes to property development and the requirement of new water mains and connections.

5. Design Services

Along with the rest of the industry, we recently published our draft business plan for the next five-year period, 2025-2030⁶. Whilst not all the information included in the plan may be relevant here, we are pleased to share there is a dedicated section covering developer services⁷. Although we are not consulting on the information provided in these documents, we are always open to receiving customer feedback and welcome your opinions.

In line with our plans for the future, we propose to explore the opportunity of providing additional design services to industry third parties. We envision this service to be, primarily, of interest to self-lay providers and NAVs but we welcome wider interest and are happy to work alongside our customers, your contractors, and your consultants. Our team will be able to design onsite networks in accordance with the established design requirements aligning approaches between regional patches and construction plans.

We will be able to provide tailored solutions that align with network sustainability, ensure the longevity of the infrastructure, share best practices across the industry and, most importantly, safeguard customer supply. Our network designs will prevent the construction of over-engineered solutions and reduce associated maintenance liabilities for pipework and fittings in the future to continue excellent water quality performance.

We note that costs for such a service are yet to be determined, but we welcome your views on whether this proposal would be of interest to you.

Q7: WOULD YOU BE INTERESTED IN USING OUR PROPOSED NEW DESIGN SERVICES IN THE FUTURE?
[YES, MAYBE, NO, N/A]

Response

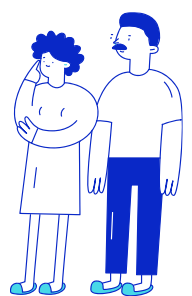
Q7

While NAV customers indicated at this time the provision of incumbent design services would be surplus to requirement, we note that as the market evolves it is possible not all NAVs will have existing design partnerships. As such we would not move to reduce the proposed offering but instead keep such services available to all customer types ensuring a fair and level playing field across the developer landscape.

Conversely, the majority of other respondents noted they would be interested in a new wider design service if one were to be offered. This development presents an exciting opportunity for us to diversify our service portfolio, catering to a broader spectrum of customer needs and ensuring our services evolve in alignment with the diverse requirements of our customers.

⁶ https://www.affinitywater.co.uk/docs/PR24/Business_plan/AFW39.pdf

⁷ <https://www.affinitywater.co.uk/docs/PR24/Appendices/AFW06.pdf>





6. Consistent Charges

Our aim is to continue to ensure our customers can easily identify all potential charges associated with their works prior to applying with us.

Over the last few years, we have consulted on a range of changes to the approach of our charging structure and application of costs. Considering there have been limited changes to the charging rules this year, we are pleased to note there are no additional significant proposed changes outside of those explored earlier in this consultation document.

Consistent key elements:

- Transition period timeline and service offerings
- Application, Design and Administration fee activities
- Traffic Management structure and application
- Extraordinary charges
- Design phasing and information requirements
- Out of hours approach
- Provision of payment milestones

We continue to calculate and publish our charges in a stable and predictable way, in accordance with the new connection charging principles. As such, we aim to uplift our charges closely in line with inflation, and as a result our charges will not remain at the same level as 2023/2024. At this time, we advise there could be potential increases linked to material and supplier costs, as seen last year. However, our procurement teams are working hard to minimise and where possible mitigate such impacts.

We continue to aim to structure our charges in a way that is easy for our developer customers to calculate costs associated with their anticipated works.

Q8: WHAT AREAS ARE YOU MOST INTERESTED IN HEARING ABOUT IN ADVANCE?

[REGULATORY CHANGES, DIGITAL UPGRADES, NEW PUBLICATION RELEASES, KEY INDUSTRY EVENTS, OTHER]

Response

Q8

We were delighted to see that all respondents to this consultation showed an interest in engaging with us on a variety of areas in the future. Notably, the topics that received equal popularity include the release of new publications and key industry events.

Summary of customer interest topics for notification

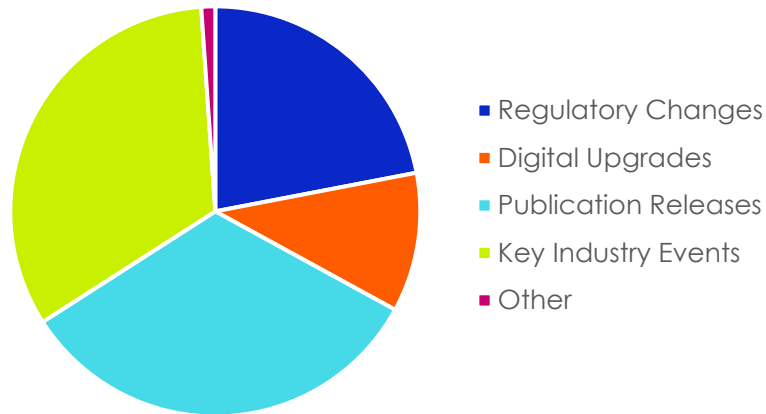
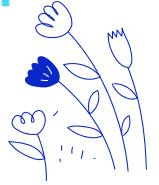


Figure 5: Summary of customer interest topics for notification

As the market continues to evolve, fostering collaboration and cultivating strong working relationships across the industry becomes increasingly vital. We are committed to facilitating and actively participating in initiatives that promote such benefits. We recognise the need for a careful balance in our communication frequency with customers and intend to carefully consider the best approach to effectively facilitate discussions, disseminate important information, and share best practices across our customer base and beyond.

This presents an exciting opportunity for us, and we look forward to engaging with our customers on a more regular basis ensuring they remain valuable for all involved.



Summary

We hope you enjoyed our consultation video and found this written accompaniment interesting and helpful in anticipating how we propose to structure our developer charges in 2024/2025.

If you have something you would like to share with us that does not sit under the questions included throughout this document, we have included two final questions to provide you with this opportunity and an insight into how you found us!

Q9: DO YOU HAVE ANY ADDITIONAL COMMENTS OR SUGGESTIONS YOU'D LIKE TO SHARE WITH US?

Q10: WHERE DID YOU COME ACROSS THIS CONSULTATION?

[WEBSITE, VIDEO, LINKEDIN, EMAIL, OTHER]

Response

No further additional comments were received following this consultation period.

We extend our sincere thanks to all those who participated and generously shared their time and opinions with us. The feedback we received has, and will continue to, guide us in developing our charging approach and strategic direction.

We note that our mailshot notification of our live consultation delivered a successful response rate. If you missed out and wish to be on the list for future releases, please drop us a note to charges@affinitywater.co.uk.

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Appendix

About Affinity Water

We are the largest water-only supplier in the UK, and we are committed to delivering a high-quality water service to all our customers.

We provide on average 950 million litres of water each day to a population of more than 3.8 million people across three supply areas in the southeast of England.



Figure 6: Affinity Water area of supply

Each year, around 10,000 new properties are connected to our network. Most properties are connected to our existing water mains while others require our network to be extended (and sometimes reinforced) to facilitate connection.

Background

From 1 April 2018, the basis for charging for the new connections services we provide changed. From this date, water companies are required to set charges in accordance with rules made by Ofwat.

There are two sets of rules that we must follow in setting our charges for the period 1 April 2024 to 31 March 2025:

- Ofwat's Charging Rules for New Connection Services (English Undertakers)⁸
- Charges Scheme Rules issued by the Water Services Regulation Authority under sections 143(6A) and 143B of the Water Industry Act 1991⁹

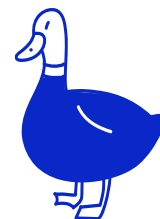
The new connections charging rules underwent consultation during 2021, with the changes now included in the above reiterations. The rules apply to the provision of water mains and new connections provided for domestic purposes as well as the diversion of water mains situated in private land. They do not apply to:

- a) requests for a supply of water for non-domestic purposes,
- b) requests made by a water supply licensee for the connection of premises to our network, or other steps in respect of that system; or
- c) charges under an agreement to provide one or more water undertakers with a supply of water in bulk.

This consultation also featured the introduction of a new general charging principle around cost-reflectivity¹⁰. We are required to determine our charges in accordance with these principles which are as follows:

- a) fairness and affordability;
- b) environmental protection;
- c) stability and predictability;
- d) transparency and customer-focused service; and
- e) reflect cost of the relevant service.

Ofwat closed their most recent consultation on developer charges in October 2023, which outlined several proposed changes, most of which are likely to come into effect at the start of the new asset management period, in April 2025¹¹.



⁸ https://www.ofwat.gov.uk/wp-content/uploads/2021/10/Charging_Rules_For_New_Connection_Services_Effective_April_2022.pdf

⁹ https://www.ofwat.gov.uk/wp-content/uploads/2021/10/Charges_Scheme_Rules_Effective_April_2022.pdf

¹⁰ <https://www.ofwat.gov.uk/wp-content/uploads/2021/08/August-2021-Statutory-consultation-on-changes-to-our-charging-rules.pdf>

¹¹ <https://www.ofwat.gov.uk/wp-content/uploads/2023/08/Changing-Ofwats-charging-rules-to-support-the-new-developer-services-framework.pdf>