

Board Assurance Statement January 2026

New Connection Charging
Arrangements 2026/2027



YorkshireWater

1

2

Navigating this document

Contents page

The contents page links out to every section within this document. Clicking on a specific section will instantly take you to it.

- 1 Click on the contents button to return to the contents page.
- 2 The back button returns you to the last page you visited.
- 3 This button takes you to the previous page.
- 4 This button takes you to the next page.

3

There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them in blue.

4

Contents

Click on the section you're interested in
to navigate there:

1	Board Assurance Statement	4
2	Rules Compliance Review	11

1. Board Assurance Statement



Board Assurance Statement

This assurance statement is written in relation to Yorkshire Water Services (YWS) New Connection Charging Arrangements under the provisions within the Water Industry Act 1991, as amended for the period 1 April 2026 to the 31 March 2027.

The charges are payable in respect of new connections, for any services provided by YWS in the course of carrying out its regulated duties.

Board Assurance Statement

1. Legal Obligations and Guidance

YWS New Connection Charging Arrangements have been prepared in accordance with its legal obligations and the Charging Rules for New Connection Services issued by Ofwat in October 2025 under sections 51CD, 105ZF, 143B and 144ZA of the Water Industry Act 1991.

YWS has taken into account the Company's statutory obligations relating to charging. There has been detailed review of the charging rules by management to provide assurance that they have been complied with. The detail of the charging rules and description of compliance with the rules are documented within this statement.

This Board Assurance Statement is published on the YWS website.

2. Systems and Processes

The assurance delivered to the Audit and Risk Committee has provided evidence that YWS has appropriate systems and processes in place to make sure the information in the Charging Arrangements is accurate. The assurance has been completed based on the 'three levels of assurance' methodology, which is risk-based and published within the YWS Assurance Plan.

The assurance process includes audit checks and challenges by senior managers and an external independent auditor. To deliver the assurance, YWS provided information and written summaries on the end-to-end data capture process and the cost analysis undertaken. The written procedures and information delivered from the capture and analysis processes were reviewed and assured by appropriate managers.

The assurance processes for YWS new connection charges included:

- an independent review of the cost analysis, charges information, and compliance with the charging rules by senior management who were independent of the data process,
- peer reviews of the charges as part of a wider assurance process, and
- external assurance of the cost analysis, compliance with the charging rules and evidence of appropriate challenge from our independent assurance provider, Turner and Townsend.

Findings from these assurance processes have been fully reviewed and actions to address any concerns have been implemented. The Audit and Risk Committee has received the findings from the completed assurance reviews.

3. Tether Ratios

The Charging Rules for New Connection Services under Rule 19 require undertakers to take reasonable steps to ensure that consistent principles and approaches are applied to all classes of Developer Services customers.

Using the outputs from the Ofwat published charge scenarios, the tether ratios have been calculated based on the calculations in the 'Common Terms and Worked Examples – English New Connection Rules' (CTWE) published by Ofwat in December 2024. The Board can confirm that having made all due enquiries and based on sources of evidence that the tether ratios comply with the Ofwat rules.

	YW 2026/27		Ofwat 2026/27 Maximum	
	To Scenario 4 50 properties	To Scenario 6 200 properties	To Scenario 4 50 properties	To Scenario 6 200 properties
Ratio of Scenario 1 1 property	0.95	1.14	1.44	1.84
Ratio of Scenario 2 10 properties	0.20	0.24	0.44	0.56

4. Environmental Components

As specified by Ofwat under rule 51 of the Charging Rules for New Connections Services (English Undertakers), since 1 April 2025 all water companies have been required to follow new charge requirements under the Environmental Incentives Common Framework (EICF) issued by Ofwat in December 2024.

For 2026/2027 we will implement a water environmental incentive for water efficiency for residential properties. The incentive has been set beyond the required level for a given area as set out in the Building Regulations. Qualification for the incentive has been set at a level below 100 l/p/d for new properties based on a 'fixtures and fittings' consumption measure and assured under a defined process.

The scheme funding will be met through the payment of an environmental component set at £20 per property and applied to all customer types. The environmental component will be levied solely for funding environmental incentive payments and will not be used to fund any other company costs. Our 2026/2027 environmental incentive 'payment' or reward is set at £200 per property. This complies with the Ofwat rules in the EICF.

5. Engagement with Relevant Stakeholders

YWS has consulted with relevant customers and stakeholders in a proportionate, timely and effective manner. This consultation has included engagement with developers, self-lay providers (SLPs), new appointees (NAVs), trade bodies and Ofwat.

The summary of stakeholder engagement activities is provided in the table on the following page.

Activity	Date	Stakeholder								
		Developers	SLPs	HBFB	Homeowners	Consultants	NAVs	Ofwat	CCW	Fire Service
Account management meetings	Ongoing	✓	✓			✓	✓			
Individual customer contacts to discuss customer experience, including costs	May 2025	✓	✓		✓		✓			
Engagement with customers on new ConnectMe IT application, including fees and payments	May 2025	✓	✓							
Developer Services charges consultation newsletter	Oct. 2025	✓	✓	✓		✓	✓	✓	✓	✓
Business forum with developers on customer experience, charges and transformation plan	Nov. 2025	✓				✓				
Business forum with SLPs on customer experience, charges and transformation plan	Nov. 2025		✓			✓				
Business forum with SLPs on customer experience, charges and transformation plan	Nov. 2025						✓			
Post-forum summary newsletter on topics discussed in face-to-face sessions	Nov. 2025	✓	✓	✓		✓	✓	✓	✓	✓
One-to-one conversations with specific stakeholders on a fortnightly/monthly basis	Ongoing	✓	✓		✓		✓			
‘Developer Day’ customer forum, including update on charges plans for 2027/2028	Aug. 2026	✓	✓			✓	✓	✓	✓	

6. Information Requirement and Handling Strategies

The requirement to publish information on whether bills for seven typical development scenarios have increased by more than 10% has been met. None of the scenarios have increased by more than 10%.

The Board can confirm that none of the year-on-year bill increases in the seven scenarios set out in the CTWE exceed 10% based on the evidence provided. The increases range from 2.1% to 4.5% and are published in detail in the Statement of Significant Changes on the company website.

Stakeholder consultations and communications have been delivered to provide both transparency and a clear rationale for the percentage scenario increases that have been driven by:

- inflation and increased overhead costs,
- where applicable, company investment to meet the full cost of Developer Services' direct costs operating outside of the price controls, including the apportioned cost from teams who provide work dedicated to new developments inside of the regulated price controls,
- system investments to deliver improved customer experience,
- increased service partner construction costs based on forecast March 2026 CPIH inflation applied to contracted rates, and
- future network reinforcement investment up to 2030/2031.

A Statement of Significant Changes, which includes a bill impact assessment for each of the Ofwat worked examples, is published on the YWS website.

7. Directors Statements

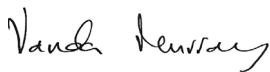
The Board considers that in preparing and approving the New Connection Charging Arrangements 2026/2027 the company has applied the processes, procedures and governance described in the detailed statement above.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's independent auditors are aware of the information. So far as the directors are aware, there is no relevant audit information of which the company's independent technical and financial auditors are unaware.

The Board has obtained assurance from the Audit and Risk Committee that there are appropriate systems, processes and controls in place regarding this publication.

New Connection Charging Arrangements 2026/2027 Board Assurance Statement

Signed by Yorkshire Water Services Limited Board of Directors



Vanda Murray
Independent Non-Executive Chair



Nicola Shaw
Chief Executive Officer



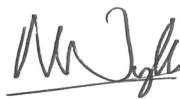
Martin Gee
Chief Financial Officer



Andrew Merrick
Independent Non-Executive Director



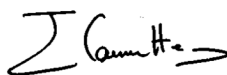
Furquan Alamgir
Independent Non-Executive Director



Andrew Wyllie
Senior Independent Director




Andrew Dench
Non-Executive Director



Isabelle Caumette
Non-Executive Director



Wendy Barnes
Independent Non-Executive Director



Simon Beer
Non-Executive Director



Ray O'Toole
Non-Executive Director



Nicola Medalova
Independent Non-Executive Director

2. Rules Compliance Review



Rule number	Scheme rule	Are we compliant?	Evidence
Introduction and Interpretation			
1-6		N/A	N/A
Consultation			
7	Undertakers must determine what types of charges covered by these rules may or may not be imposed, and the amount of such charges, in accordance with the principle that changes to charges covered by these rules should only be made after proportionate, timely and effective consultation with groups of persons likely to be significantly affected by the proposed Charging Arrangements (or their representatives) and any other persons the undertakers consider it appropriate to consult.	Compliant	<p>Consultation:</p> <p>Throughout 2025/26, we have hosted several activities, ranging from group forums to individual meetings with developers, SLPs and NAVs to discuss our performance, plans to improve and to seek their feedback on how we can improve the services for which they pay charges. These activities are summarised in the table on page 8 of this document.</p> <p>In anticipation of the new financial year, we hosted a series of forums in November 2025 where we briefed developers, SLPs, NAVs and other consultants on the upcoming charges for 2026/27 (among other business updates) and provided an opportunity for stakeholders to raise questions and share feedback. This included consultation breakout activities with customers on what they wanted to see from Yorkshire Water.</p> <p>In advance of the above forums, we issued a one-page charges briefing document to over 150 customers on our mailing list to brief them about our proposals for the upcoming 2026/2027 charges. This included a link to an online survey to share their thoughts. We also issued a summary pack after the forums to our customer mailing list, which included a one-page summary of our charging proposals.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
			<p>Charges: Our application fees are derived based on a combination of top-down and bottom-up analysis using cost allocation and forecast activities in the charging year and inflation (CPIH) at November 2025. This approach has been shared with our stakeholders. Our construction charges are based on a schedule of rates from our YWS contract partner, Avove.</p> <p>Zonal Charges: Our Charging Arrangements do not include separate zonal charges.</p>

Publication and Transparency

8	<p>Relevant undertakers must publish charges developed under these rules in a single document (the Charging Arrangements).</p> <p>The Charging Arrangements must be published on the undertaker's website and in any other manner the undertaker considers appropriate for the purpose of bringing the Charging Arrangements to the attention of persons likely to be affected by it.</p>	Compliant	<p>Our New Connection Charging Arrangements are reviewed and updated annually after consultation with our customers. They will be published on the YWS website by the 1 February 2026.</p>
9	<p>The maximum amount of any charge that may be imposed by an undertaker under the provisions of the Water Industry Act 1991 covered by these rules shall be the amount set out in, or calculated in accordance with, the Charging Arrangements published by that undertaker. For the avoidance of doubt, the charges and charging methodologies set out in the Charging Arrangements must therefore include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that the undertaker is entitled to recover, unless there is a different legal basis for the recovery of such costs.</p>	Compliant	<p>Our New Connection Charging Arrangements are assured with reference to the Ofwat published charging methodologies and with suitable challenge on the inclusion of all relevant costs that are incurred to deliver new connection services. Our 2026/27 Charging Arrangements will be published on the YWS website by the 1 February 2026.</p>
10	<p>The Charging Arrangements must be published no later than 1 February in the year immediately preceding the Charging Year in relation to which they have effect.</p>	Compliant	<p>Our New Connection Charging Arrangements will be published on the YWS website no later than the 1 February 2026.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
11	The Charging Arrangements must explain how each charge has been calculated or derived, including through the use of worked examples where required. As a minimum, undertakers (except for New Appointees) must publish worked examples showing the scenarios set out in the worked examples published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules". Where an undertaker determines the applicable charges other than by Fixed Charges, the methodology for the calculation of such charges must be explained clearly in the Charging Arrangements.	Compliant	<p>Our New Connection Charging Arrangements book includes an explanation of the methodology and calculation of our final charges.</p> <p>Fixed charges are published within the book and where we depart from this, bespoke charges are used and explained within the relevant section of the book.</p> <p>The charges have been presented with the worked examples showing the seven scenarios set out in the Ofwat document entitled "Common Terms and Worked Examples – English New Connection Rules".</p>
12	The Charging Arrangements are to be written and presented in a clear and accessible manner, which takes due account of the varying levels of expertise of all Developer Customers or other customers who may rely on the Charging Arrangements, and using, where appropriate, the terms as defined at Rule 5 and those set out in the list of common terms published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules".	Compliant	Our Charging Arrangements book has been written in plain, accessible English and any technical language used has been supported by plain-English explanations and a glossary of terms. The book makes use of the terms published in Rule 5 and those set out in the list of common terms published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules".
13	Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.	Compliant	Our Charging Arrangements book includes supporting detail on the services and activities covered by each charge.
14	Undertakers must publish the charges covered by these rules in such a way that a Developer Customer or other customer can confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.	Compliant	Our Charging Arrangements enable all customers to confidently assess the applicable charges. To help, there are detailed worked examples in section 6.1 of the book.
15	The Charging Arrangements must identify which charges are associated with Contestable Work and Non-Contestable Work.	Compliant	Our Charging Arrangements explain contestable and non-contestable work and charges. The book includes a section entitled 'Who can carry out new connections?', which explains who can carry out contestable work where other options are available. The charges tables also detail which charges are associated with contestable and non-contestable work.

Rule number	Scheme rule	Are we compliant?	Evidence
16	Undertakers must provide a reasonable choice of times and methods of payment of the charges and set these out in the Charging Arrangements.	Compliant	Our Charging Arrangements detail the methods and time of payment for our charges, including payment arrangements for our environmental incentive defined by Ofwat.

New Appointees

17	These rules apply to a New Appointee subject to the following provisions:		
	a) a New Appointee is not required to publish one or more of the charges covered by these rules (or a methodology for calculating them) where it would be unreasonable to expect the company to do so (having had regard to the number of requests for the relevant services that the company would reasonably expect to receive);	N/A	These rules do not apply to YWS as we are not classed as being a new appointee.
	b) the charges imposed, by a New Appointee under the provisions of the Water Industry Act 1991 covered by these rules must be calculated in accordance with the principles and requirements set out in these rules whether or not they are published in Charging Arrangements and this includes, where relevant, requirements to provide the option of upfront Fixed Charges;	N/A	These rules do not apply to YWS as we are not classed as being a new appointee.
	c) paragraph 9 of these rules does not restrict the maximum amount of a charge imposed by a New Appointee if Charging Arrangements published by that company do not include relevant charges or charging methodologies;	N/A	These rules do not apply to YWS as we are not classed as being a new appointee.
	d) paragraph 10 of these rules does not apply to a New Appointee – instead, a Small Company must publish any Charging Arrangements no later than 25 February in the year immediately preceding the Charging Year; and	N/A	These rules do not apply to YWS as we are not classed as being a new appointee.
	e) for the avoidance of doubt, this paragraph does not exempt a New Appointee from the requirement in paragraph 46 of these rules to clearly set out in its Charging Arrangements requirements for security in relation to any charges to be applied.	N/A	These rules do not apply to YWS as we are not classed as being a new appointee.

Rule number	Scheme rule	Are we compliant?	Evidence
General Charging Principles			
18	Relevant undertakers must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that charges covered by these rules should reflect:		Work has been undertaken to ensure the proposed charges fairly reflect the work being undertaken. Fixed charges will also be calculable in advance of development which will ensure that they are transparent and predictable.
	(a) fairness and affordability;	Compliant	We have maintained our compliance with Ofwat's charging rules. Our compliance ensures our ability to provide fairness and affordability in our charges. We have maintained the balance between new developments and the general customer base in the YWS region. The charges we receive from third parties, such as traffic management and council licence fees, are passed directly on to the customer.
	(b) environmental protection;	Compliant	<p>We have published our environmental incentive scheme and provided clear information to our customers on the policy and the rewards available if their developments are environmentally friendly. By making this information available we are encouraging developers to proactively install water-efficient fixtures and fittings, and to specify their use of different methods for surface water disposal, essentially reducing the demand on existing YWS networks.</p> <p>All customers are treated consistently for applications, payment criteria and assurance requirements for our environmental incentives, including developers, SLPs, NAVs and single-application customers. Our 2026/27 published charges include the detailed arrangements.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
	(c) stability and predictability; and	Compliant	<p>Our charges book presents a list of fixed charges enabling customers to predict the cost of the new connection services. These charges will be stable; if we have to alter charges mid-year, we will follow the same procedure as our annual charges, including consultation and providing a minimum of two months' notice of altered charges.</p> <p>Where fixed charges are not available, we explain this in our Charging Arrangements book.</p> <p>A bill impact assessment has also been undertaken for a range of typical development scenarios and published in our Statement of Significant Changes to demonstrate that the movements in our 2026/27 charges are transparent.</p>
	(d) transparency and customer focused service.	Compliant	<p>We engage with our customers regularly throughout the year to gain feedback on our services and charges, which we collate and refer to when reviewing our charges. The usability of the charges book is improved year on year, with each version of the book improving on the last.</p> <p>In addition to our Charging Arrangements book, we have an online calculator that allows customers to get a budget estimate for up to three household water connections based on certain parameters, as well as an Excel spreadsheet estimate calculator aimed at larger developers and SLPs for works on a large site. Both of these tools are based on the fixed charges published in our Charging Arrangements.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
	(e) costs of the relevant service.	Compliant	<p>Our application fees are built using a defined methodology and inflationary increase (CPIH) based on the measure of inflation in November 2025.</p> <p>Our charge modelling includes the costs of all the activities carried out to deliver new connection services to ensure cost reflectivity in our charges. Our construction charges are built from a schedule of rates which includes all the activities undertaken by our delivery team, Above.</p> <p>Our Charging Arrangements also include charges for corrective work, which is completed and charged on a retrospective basis after a quotation has been issued. This ensures all costs of relevant services are collected from developer customers.</p>

Principles for Determining the Nature and Extent of All Charges Covered by these Rules

19	Undertakers must set their charges in such a way that the relevant Tether Ratios for each pair of scenarios in their worked examples, calculated using the formula in the document entitled “Common Terms and Worked Examples – English New Connection Rules”, does not exceed the maximum Tether Ratios set by Ofwat and published in the “Common Terms and Worked Examples – English New Connection Rules”.	Compliant	<p>We have established cost-reflective charging at the heart of our approach, including how we set our application and infrastructure charges against our forecast people and system costs, and network reinforcement expenditures respectively.</p> <p>These charges have been input into the seven charge scenarios set out in the “Common Terms and Worked Examples – English New Connection Rules” and published in our charges book.</p> <p>Our charges and scenarios have been built into the relevant Tether Ratios for each pair of scenarios in our worked examples and calculated using the formula. We have met the requirement that our ratios do not exceed the maximum Tether Ratios set by Ofwat and published in the “Common Terms and Worked Examples – English New Connection Rules”.</p>
----	---	-----------	---

Rule number	Scheme rule	Are we compliant?	Evidence
20	Consistent principles and approaches must be applied to the calculation of charges and when they are payable for different classes of customer. For the avoidance of doubt, this includes the calculation of charges and when they are payable for Non-contestable Work, whether or not a person other than the undertaker is carrying out Contestable Work.	Compliant	We treat all customers equally in the calculation of our charges, ensuring a level playing field is maintained.
21	Charges and arrangements for when they are each payable must be set in accordance with the principle that they should promote effective competition for Contestable Work.	Compliant	Our assurance process has confirmed that our proposed charges for new connection services are cost reflective. Our granular charges for contestable work are available in our published charges book and the alignment of the charges to different charge scenarios is published under the rules from Ofwat including Tether Ratios. This allows customers to understand the costs of contestable work and the interrelationships to promote effective competition.
22	For the avoidance of doubt, in charges covered by these rules undertakers may recover reasonable administrative expenses and other overheads incurred in discharging any rights or obligations under the relevant provisions of the Water Industry Act 1991.	Compliant	Our charges have been developed to ensure all reasonable costs are recovered. A review of our current charges has been undertaken with consideration of staff costs, overheads and productivity.
Charges for the Requisition of Water Mains and Public Sewers			
23	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties imposed by section 41(1) (provision of requisitioned Water Main) and section 98(1) (provision of requisitioned public sewer) of the Water Industry Act 1991 (together, "Requisition Charges").	Compliant	Our requisition charges only include site-specific activities, with the exception of water main requisitions for commercial developments where network reinforcement can be charged in accordance with the Water Industry Act 1991.
24	These charges are concerned with the cost to the undertaker of providing Site Specific infrastructure necessary for the provision of a Water Main and/or Public Sewer.	Compliant	As above, only site-specific charges apply.

Rule number	Scheme rule	Are we compliant?	Evidence
25	In relation to Requisition Charges, an undertaker: a) must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	In accordance with Rules 47 and 48 that an upfront fixed charge is not required subject to an alternative method being detailed (see rule 25b below);
	b) may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	For water mains requisitions, a schedule of fixed charges is offered to the developer customer. These are applied on a site-specific basis. In certain special circumstances, such as for a complex or challenging project, a site will receive a bespoke charge to account for our activities. This is detailed and explained in our Charging Arrangements. YWS does not provide a fixed quote for sewerage requisitions due to the variable nature of the work. A bespoke charge based on a study for each scheme will be provided. Developers in most instances construct the sewer in third-party land. However, they do have the option of a sewer requisition. The number of sewer requisitions YWS completes is low, typically fewer than 10 per year.
26	Requisition Charges must relate to the costs of providing the requisitioned Water Main and/or Public Sewer. Such charges may not include any amount for Network Reinforcement costs.	Compliant	Our requisition charges are site-specific only and do not relate to any network enhancement or reinforcement work.
27	Any Requisition Charges imposed by an undertaker: a) must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under sections 41(1) or 98(1) of the Water Industry Act 1991; and	Compliant	Our requisition charges are site-specific only and do not relate to any network enhancement or reinforcement work.
	b) must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies or to enhance network flexibility, in capacity or capability, unrelated to requirements associated with the requisition.	Compliant	Our requisition charges are site-specific only and do not relate to any network enhancement or reinforcement work.

Rule number	Scheme rule	Are we compliant?	Evidence
28	Where an undertaker provides a Water Main or Public Sewer pursuant to a requisition and, in so doing, decides to increase the capacity of pipes or other infrastructure beyond that which is needed to meet the undertaker's duty under section 41(1) or section 98(1) of the Water Industry Act 1991, the costs of this work shall, if this increases the costs of the work, be apportioned so that the person making the requisition only pays costs which are in proportion to the particular capacity required by his or her requisition.	Compliant	Suitably sizing a new pipe for further development is not included in the site-specific requisition charges, but will be incorporated into the infrastructure charges.
29	Undertakers shall not provide for Income Offsets in setting Requisition Charges.	Compliant	As mentioned above, the published YWS Charging Arrangements have been designed to be fully cost reflective and are exclusive of any income offsets.
30	Not used	N/A	N/A
Charges for the Provision of Lateral Drains, the Connection of Water Mains and Communications with Public Sewers and for Ancillary Works			
31	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties (or rights) created by the following provisions of the Water Industry Act 1991: section 45(1) (connection with Water Main); section 46(1) (ancillary works for purposes of making a domestic connection); section 98(1A) (provision of lateral drains); section 101B (construction of lateral drains following construction of a public sewer) or section 107(1) (right of undertakers to make communication with Public Sewer) (together, "Connection Charges").	Compliant	Our New Connection Charging Arrangements for the services defined in Rule 31 are reviewed and updated annually, which also includes consultation with our developer customers and stakeholders. The Charging Arrangements book will be published on the YWS website by the 1 February 2026.

Rule number	Scheme rule	Are we compliant?	Evidence
32	In relation to Connection Charges an undertaker: a) must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	Fixed charges are provided for new connections, with the exception of sewerage connections; on the very rare occasions (twice in the last 20 years) where YWS elects to make the connection, a bespoke charge will be applicable.
	b) may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	In certain special circumstances, such as for a complex or challenging project, a site will receive a bespoke charge for service connections undertaken under sections 45 and 46 of the Act. This is detailed and explained in our Charging Arrangements.
33	Any Connection Charges imposed by an undertaker must relate only to Site Specific Work carried out and costs incurred by the undertaker pursuant to sections 45(1), 46(1), 98(1A), 101B or 107(1) of the Water Industry Act 1991.	Compliant	Connection charges are for site-specific work only.
34	Undertakers shall not provide for Income Offsets in setting Connection Charges.	Compliant	YWS does not apply income offsets.
Charges and Asset Payments in respect of an Agreement under Section 51A or 104 of the water Industry Act 1991			
35	Each undertaker shall set out in the applicable Charging Arrangements the charges to be imposed in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant	Adoption charges are detailed within our Charging Arrangements.
36	These charges are concerned with the cost of Site Specific Work necessary as part of the adoption or connection of a Water Main, Communication Pipe, Public Sewer and/or Lateral Drain. Such charges may not include any amount for Network Reinforcement costs.	Compliant	Site-specific charges are applicable only; no network reinforcement is applied.

Rule number	Scheme rule	Are we compliant?	Evidence
37	Any charges imposed by an undertaker in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991:		
	a) must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under such an agreement; and	Compliant	Site-specific charges are applicable only.
	b) must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement.	Compliant	Site-specific charges are applicable only.
38	Insofar as section 51A agreements are concerned, water undertakers shall not provide for Asset Payments for the adoption of a Water Main.	Compliant	Asset payments are no longer required. This has levelled the playing field between WaSCs, NAVs and SLPs and made the YWS charging structure much simpler.
39	Insofar as section 104 agreements are concerned, sewerage undertakers may provide for Asset Payments for the adoption of a Sewer.	Compliant	YWS does not provide asset payments for sewer adoptions.
40	Not used	N/A	N/A
41	Undertakers shall not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain.	Compliant	YWS does not provide asset payments.

Rule number	Scheme rule	Are we compliant?	Evidence
Charges for Diversions of Pipes and other Apparatus under Section 185 of the Water Industry Act 1991			
42	Each undertaker must set out in its Charging Arrangements its method(s) for calculating the charges imposed by that undertaker pursuant to section 185(5) of the Water Industry Act 1991 ("Diversion Charges"). In relation to Diversion Charges an undertaker:		
	a) may provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	<p>Water main diversions are covered by fixed charges; where a fixed charge is not available, for example in infrequent or special circumstances, a bespoke charge will be applied instead, as detailed in the Charging Arrangements book.</p> <p>The majority of sewer diversions are developer led, where a fixed charge will be applicable, however capital diversions will be undertaken by YWS and a bespoke charge will be applied for this.</p>
	b) may also provide for other alternative methods of calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	The Charging Arrangements book details the charging regime for diversions, both fixed and bespoke.
43	Charges levied pursuant to section 185(5) must be calculated by reference to the principle that the undertaker is only entitled to recover costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.	Compliant	The Charging Arrangements book details the charging regime for diversions, both fixed and bespoke.
Security/Deposit Arrangements			
44	An undertaker is allowed to require security prior to commencing work, whether in the form of a sum deposited with the undertaker or otherwise: a) under section 42(1)(b), 47(2)(a), 99(1)(b), 101B(3A), 107(3)(b)(ii) or 185(4); or	Compliant	Developers may be required to provide a cash bond or surety. The Charging Arrangements specify when this is required.

Rule number	Scheme rule	Are we compliant?	Evidence
	b) for the purposes of any charges imposed under an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant	Developers will be required to provide a cash bond or surety. The Charging Arrangements detail when it is required, and when interest is applicable at time of repayment.
45	The type and amount of security should not be unduly onerous, taking into account the risk to be borne by the undertaker in carrying out the work in question. Where undertakers require security, the type and amount of security and the payment of interest on the security should reflect the general charging principles set out in paragraph 18.	Compliant	The type and amount of security we charge is consistent with national guidance as follows: a) a 100% security for a sewer diversion is required until it is beneficially completed and then the security is reduced to 10% for the completion of a 12-month maintenance period, and b) for a sewer adoption a 10% security is required.
46	The undertaker must clearly set out requirements for security in relation to any charges to be applied in its Charging Arrangements.	Compliant	The types and amounts of security, and the time of payment, are detailed in the Charging Arrangements book.

Exception from requirements to provide upfront Fixed charges

47	Undertakers are not required to provide for the option of upfront Fixed Charges in accordance with paragraph 25 (Requisition Charges) and paragraph 31 (Charges for the Provision of Lateral Drains) of these rules, or to comply with paragraph 14, where, and to the extent that, it would be unreasonable to expect an undertaker to do so (having had regard to the practicality of setting a cost-reflective upfront Fixed Charge and the benefit to customers of producing such a charge).	Compliant	See evidence for Rule 25 above.
48	Where paragraph 47 applies, an undertaker must set out, and explain clearly, in its Charging Arrangements the alternative method or methods that will apply for calculating charges.	Compliant	Our New Connection Charging Arrangements set out when bespoke charges are applicable.

Rule number	Scheme rule	Are we compliant?	Evidence
Validity period of quotations			
49	Where an undertaker intends to provide quotations for charges set out in its Charging Arrangements, it must explain in its Charging Arrangements the length of time over which such quotations will be valid and explain the approach the undertaker will take where the period over which a quotation is valid would cross into a new charging year. For the avoidance of doubt, provisions in Charging Arrangements relating to the validity of quotations across Charging Years may provide for charges covered by such quotations to be payable as set out in the quotation within the period so specified in the Charging Arrangements even if that charge would have been different if the quotation were provided at the time that the charges are in fact paid or payable.	Compliant	<p>All quotes are fixed and valid for six months from the date of issue, even if we enter a new charging year during that period.</p> <p>The Charging Arrangements state that for quotes with a validity period that is across more than one charging year the quoted value of charges will remain valid and will be payable by a customer even if the charge would be different in the year when the accepted quote was to be paid.</p> <p>This arrangement is stated in the published Charging Arrangements.</p>

Infrastructure charges and Environmental Incentives (English Undertakers)

The following section, comprising rules 50 to 58, is issued under section 143B of the Water Industry Act 1991. The rest of the rules under section 143B do not concern charges for new connections services and are published in the [Charges Scheme Rules](#).

50	Each relevant undertaker whose area is wholly or mainly in England must fix Infrastructure Charges and the Environmental Component in their Charging Arrangements.	Compliant	<p>Infrastructure Charges are fixed in the New Connection Charging Arrangements book and laid out clearly for customers.</p> <p>The Environmental Component of our charging arrangements has been built as a standalone scheme based on the proposals and requirements in the EICF conclusions and final consultation document that was published in December 2024.</p>
51	Each undertaker must offer Environmental Incentives in their Charging Arrangements, according to the principles set out in the document published by Ofwat entitled "Environmental Incentives Common Framework".	Compliant	Our Environmental Incentives scheme has been designed based on financial modelling and customer consultation. Our policy and process are clearly defined and published in our charges book.

Rule number	Scheme rule	Are we compliant?	Evidence
52	<p>Infrastructure Charges must be determined in accordance with the following principle</p> <ul style="list-style-type: none"> that the amount of such charges will over each period of five consecutive Charging Years beginning on 1 April 2025 and, thereafter, on 1 April in each subsequent year cover the costs of Network Reinforcement that the relevant undertaker reasonably incurs, or has already reasonably incurred, in the case of additional capacity in any earlier Water Main or Sewer that will fall to be used in consequence of the provision or connection of a new Water Main or Sewer, before the application of any Income Offset and in calculating these costs the undertaker must: take into consideration both the number and relevant costs arising in consequence of new connections in the undertaker's own area, and in the areas served by New Appointees with whom the undertaker has an agreement for bulk supplies of water or bulk discharge, and before the application of any Income Offset adjust for the difference between expenditure on Network Reinforcement and recovery of Infrastructure Charge revenue in previous Charging Years (beginning 1 April 2025) which has not already been adjusted for in the calculation of any previous infrastructure charge. 	Compliant	<p>Our infrastructure charges are set based on the principle that we will recover the revenue we need to finance the cost of network reinforcement for new developments over five years to 31 March 2031. We balance the risk of revenue fluctuations by adjusting our charges each year to address any forecast deficit or over recovery. This provides our customers with confidence that they will pay for the costs we forecast to reasonably incur. We have completed a full evaluation of our infrastructure charges profile for the programme of reinforcement work we submitted to Ofwat for AMP8.</p> <p>We include in our forecasts of network reinforcement the costs of new developments for all our customers including NAVs. Our charge modelling accounts for the difference between expenditure on Network Reinforcement and recovery of Infrastructure Charge revenue in previous Charging Years (beginning 1 April 2025) which have not already been adjusted for in the calculation of any previous infrastructure charge.</p>
53	<p>The Environmental Component must be determined in accordance with the principle that the total cost to the undertaker of the Environmental Incentive is broadly equivalent to the total revenue received by the undertaker from the Environmental Component, including any adjustments made for the difference between such costs and revenues as is necessary to maintain broad equivalence.</p>	Compliant	<p>Our Environmental Component has been determined based on our forecast of new properties connected in AMP8 and the expected take up rate cost of environmental incentives over a defined period. We will review the difference between our costs and revenues on an annual basis and adjust our Environmental Component and rewards to maintain broad equivalence.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
54	<p>For the avoidance of doubt, Infrastructure Charges must not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated:</p> <p>(a) to the provision of a new water main or public sewer pursuant to an agreement with, or a duty owed under the Water Industry Act 1991 to, a person other than a relevant undertaker (including, but not limited to, the provision of a new water main or public sewer pursuant to a requisition under sections 41(1) or 98(1), a section 66D agreement or a section 117E agreement);</p> <p>(b) to the adoption of infrastructure under a section 51A or 104 agreement; or</p> <p>(c) to connections described in section 146(2) of the Water Industry Act 1991.</p>	Compliant	YWS infrastructure charges do not include costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated to the clauses stated in (a) to (c).
55	In setting Infrastructure Charges an undertaker must not provide for an Income Offset under or in connection with any agreement entered into from April 2025.	Compliant	YWS does not provide income offsets.

Rule number	Scheme rule	Are we compliant?	Evidence
56	Infrastructure Charges may be set as a fixed charge per new connection, or calculated in accordance with a formula. As long as the difference between amounts is cost reflective, the amounts of Infrastructure Charges may vary to reflect different circumstances and, in particular, may be different for different geographical areas.	Compliant	<p>YWS infrastructure charges are set as fixed charges. We have two separate charge amounts for clean water and wastewater, which are applied as relevant.</p> <p>Infrastructure charges are levied in addition to the costs of physical on-site and off-site water and sewerage connection work and apply to all new connections regardless of the method by which the new connection is procured or made.</p> <p>Infrastructure charges are cost reflective based on the forecast cost of reinforcement and forecast number of new connections expected to be delivered by YWS over each period of five consecutive Charging Years up to 31 March 2031 and thereafter. We do not adjust the infrastructure charges based on circumstances and different geographical areas within our region – i.e. we do not offer 'zonal' charging.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
57	<p>In making Charging Arrangements, each relevant undertaker must ensure that:</p> <p>(a) the Charging Arrangements clearly set out how Infrastructure Charges and the Environmental Component have been calculated;</p> <p>(b) the amount of Infrastructure Charges and Environmental Component applied in respect of the modification or redevelopment of existing buildings or premises is determined in accordance with the principle that the amount must take due account of any previous usage in the 5 years before the modification or redevelopment began (including supplies of water that were not for domestic purposes and drainage that was not for domestic sewerage purposes) associated with the buildings and/or premises to which the charges are to be applied and be discounted accordingly;</p> <p>(c) the Charging Arrangements clearly explain the methodology to be applied for determining a discount to reflect previous usage; and</p> <p>(d) the Charging Arrangements clearly explain the methodology to be applied for determining any Income Offset under or in connection with any agreement entered into before 1 April 2025.</p>	Compliant	<p>The Charging Arrangements are clear that:</p> <p>(a) Infrastructure Charges and Environmental Components have been treated as discreet elements in our Charging Arrangements. YWS infrastructure charges are calculated in accordance with the principle that the amount of such charges collected over a five-year period ending on 31 March 2031 will broadly recover the forecast costs of reinforcing our water and sewer networks to serve new developments across the region (developer-driven network reinforcement). Our Environmental Component has been set based on the same principle to recover costs to pay fair and representative environmental rewards over a defined period.</p> <p>(b) Infrastructure charges are payable for the connection to a water supply or public sewer of premises which have never been connected to: i) a supply of water provided for domestic purposes by a water undertaker, or</p> <p>ii) a sewer used for the drainage for domestic purposes of those premises by a sewerage undertaker.</p> <p>YWS infrastructure charges may also be payable where a site is redeveloped, including by means of conversion of a building or buildings on it, and the redevelopment results in a greater water or wastewater demand from the site than in the previous five years.</p> <p>No exemptions will apply to the Environmental Component.</p> <p>(c) the Charging Arrangements specify that the methodology to determine a discount is based on previous usage at the site where the connection is to be made.</p> <p>(d) YWS does not provide income offsets.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
58	Rules 19 and 50 to 57 above do not apply to New Appointees.	Compliant	See comments above on Rules 50 to 57 which have been evidenced with appropriate statements.

yorkshirewater.com

Yorkshire Water Services Limited, Western House,
Halifax Road, Bradford, BD6 2SZ.
Registered in England and Wales No.02366682

