

Statement of Significant Changes in relation to Wholesale Charging Structures - Yorkshire Water Services Ltd – Charges 2018-19.

This statement of significant changes is published to notify retailers, six months prior to the publication of the final wholesale charges, of any areas where we the wholesaler are considering altering significantly our primary wholesale charges.

This provides the retailer with sufficient time to consider their response to any proposed changes to wholesale charges, develop their retail pricing strategies and engage with their customers.

Wholesale charging rules

Wholesale charges are the charges that retailers will face for wholesale water and wastewater services.

Wholesale charging rules set out the information that companies holding appointments as water undertakers and/or sewerage undertakers whose areas are wholly or mainly in England (water companies) will need to publish.

Ofwat has set out an expectation on large water companies to notify stakeholders in July of the preceding year of any significant changes to their wholesale access charging structures.

Ofwat have requested wholesale indicative charges be published no later than three months before publishing its final charges on 12th January 2018.

Wholesale Charges 2018/19

- *Primary Service Charges* are for the delivery of water and the removal and treatment of foul, trade effluent and other discharges from eligible premises. The charges are set out in the Wholesale Charges Scheme. We do not intend to make any significant changes for 2018/19 to the structure or methodology for calculating such charges. We are currently considering how we will separate out the charges for the reception, treatment and disposal of foul water, trade effluent, highway drainage and surface water drainage, per the Wholesale Charging Rules this will be in place for the charge year commencing April 2020.
- *Non-primary Service Charges* are for the activities that are carried out for an individual retailer that are not directly related to the ongoing provision of primary services. In relation to those charges set out in 2017/18 Wholesale Charges Scheme, we will be reviewing the schedule of charges but we do not currently anticipate any need for significant changes to 2018/19 structure, or methodology for calculating such charges.
- *Special Agreements* in accordance with section 142(6A) of WIA91, large water companies are required to notify OFWAT of the provision of any new special agreements which will then be added to the register and published by OFWAT. We continue to review the area of Special Agreements as this forms part of an ongoing work stream.