

July Statement of Significant Changes in relation to Wholesale Access Charging Structures - Yorkshire Water Services Ltd – Charges 2017-18

This statement of significant changes is in place to provide information on wholesale access charges ahead of the finalisation of the wholesale access charging rules by Ofwat and to highlight any areas of significant change.

Wholesale Access charging Rules

Wholesale access charges are the charges that new retailers (including new entrants and sister companies of existing water companies) will have to pay water companies in return for the provision of bundled wholesale water and wastewater services to support retail service provision. The Water Act 2014 will modify the Water Industry Act 1991 (WIA91) to require OFWAT to set charging rules for charges made by water companies to water supply and sewerage licensees (access charges).

IN16/02 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 have requested wholesale access charges be published on October 1st 2016 to facilitate a level playing field in the non-household market before market opening in 2017. Ofwat at that time expect large water companies to provide assurance that these charges are the charges the companies expect to set for 2017-18 (based on information available at that time) and that they comply with all relevant license and legal requirements.

Ofwat also 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 in 2017-18.

Wholesale Access Charges 2017/18

- Primary Service Charges are for the delivery of water and the removal and treatment of foul, trade effluent and other discharges from an eligible premises. The charges are set out in the Charges Scheme. We do not intend to make any significant changes for 2017/18 to the structure or methodology for calculating such charges.
- 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 2016/17 Charges Scheme we do not intend to make any significant changes for 2017/18 to the structure or methodology for calculating such charges. We intend to introduce a limited number of new non-primary charges for 2017/18, the detail of which will be published with our indicative Wholesale Charges scheme in October.
- 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.