

Wholesale



Scheme of Charges

1 April 2019 to 31 March 2020



Delivering excellence

for our customers, our people and our environment

How to contact us



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Wholesale Service Desk (8.30am to 4.30pm, Monday to Friday)
023 9244 9081

Operations Centre (24 Hour Emergency Service and Reporting of Leaks)
023 9247 7999

Open Water

Further information relating to the competitive market for non-household customers can be found at the Open Water website:

www.open-water.org.uk

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Introduction

Portsmouth Water's powers to charge for water supplies are contained in the Water Industry Acts. Charges are set in accordance with revenue control limits determined by Ofwat. To comply with Condition E of our licence to operate, charges must not show undue preference to, or discriminate against, any class of person.

Under the terms laid down by Section 143 of the Water Industry Act 1991 and Ofwat's 2014 Price Review, incumbent regional monopoly water supply wholesalers are required to publish separate charges for the wholesale and retail activities of their business.

This publication describes our wholesale charging policy and the charges, and is principally applicable to retailers of water. It is focused on non-household charges given the competitive market for non-household water and sewerage retail services which commenced on 1 April 2017. For completeness our household charges are included.

For household customers, who will not be eligible to take part

in the new market, our charging policy and charges for end-users (customers of Portsmouth Water's incumbent retailer) are described in our publication Household - Scheme of Charges published on the Company's website.

Wholesale charges are published on our website annually, normally in January each year. Tariffs will take effect on 1st of July each year. The template issued by Ofwat relating specifically to non-household wholesale charges is a separate document and is also available on our website.

Open Water programme

The competitive market for non-household water and sewerage retail services commenced on 1 April 2017.

Under the arrangements that have been implemented from 1 April 2017 the retail element of the service is open to competition.

This means that eligible non-household customers are able to choose their retailer. Further information for non-household customers can be found at www.open-water.org.uk

The physical supply and distribution of water to end users will, for the time being, remain a regional monopoly service where the standard of service and prices remain regulated by Ofwat.

As such the provision of Business Terms and codes of practice for the separate wholesale and retail services within the water supply industry will continue to evolve, even now the market has opened.

The Company reserve the right to amend the policies within this publication with reference to Open Water's most current publications.

Our primary communication mode is via SWIM-Pool, a web portal designed for bilateral communication between Portsmouth Water and retailers. Retailers will be required to register to the portal as part of the Wholesale - Retail Contract.

Definitions

Full information in relation to Open Water, including policy documents, the Wholesale - Retail Code and Business Terms can be found on the MOSL website: www.mosl.co.uk

Business Terms: the Business Terms applied to the relevant

charges set out in this Scheme of Charges shall be those set out in Part 2 of the Wholesale - Retail Code.

Eligibility Criteria: the definition of a customer eligible to switch supplier will be as laid down in Ofwat's document 'Guidance on whether non-household customers in England and Wales are eligible to switch their retailer', July 2016, a copy of which can be found at www.ofwat.gov.uk.

MOSL: Market Operating Systems Ltd. MOSL are the market operator for the competitive retail market. Their role is to maintain records that allow customers to switch between retailers and determine financial settlement between wholesalers and retailers.

Non-primary Charges: charges that relate to the provision of one-off or discrete services performed pursuant to the Operational Terms.

Normal Working Hours: means 8.30am to 4.30pm, Monday to Friday.

Ofwat: see WRSA below

Price Review: The process of setting appointed water companies'

revenue limits. Wholesale revenues are normally set every five years. The 2014 price review set wholesale prices and revenues for the period 1 April 2015 to 31 March 2020.

Primary Charges: charges which relate to the supply of water on an enduring or temporary basis.

Rateable Value: means the 'value' assigned a property by the local government Valuation Office which was effective on 31 March 1990.

Retail Licensee: holder of a retail licence, including licensed retailers who are associates of regional monopoly wholesalers and who are able to operate outside their geographical area.

Retailer: provider of the retail service to the end customer, dealing with all customer services as outlined within the Ofwat pricing methodology statement such as billing, payment handling, customer calls and meter reading. A retailer may be an incumbent retailer or a retail licensee.

Settlement Process: the process of setting and calculating the Primary Charge in respect of each supply point.

WSSL (Water Supply and Sewerage Licence): a water supply and sewerage licence allows entry into the competitive supply market for the purpose of providing retail services.

Water Supply Wholesaler: incumbent regional monopoly water company providing physical water services. This includes the supply of water services, meter ownership, installation, maintenance and replacement, physical disconnections and reconnections.

Wholesale Activities: the abstraction of raw water, transmission of raw water, water treatment, storage and distribution to end users plus ancillary services.

The Wholesaler: the wholesale division of Portsmouth Water; the organisation levying the charges described in this document.

Wholesale Charges: charges paid to a water supply wholesaler by a retail licensee for the supply of water. This is defined by the Wholesale - Retail Code.

Wholesale Retail Contract: a contract between the retailer and the Company on terms and conditions the services the

wholesaler will provide to the retailer and the commercial terms on which they will be provided.

Wholesale Tariff: the tariff offered by wholesalers to retailers.

Wholesale Tariff Structure: the structure and thresholds of wholesale tariffs offered by a wholesaler to retailers.

WRSA: Water Services Regulation Authority (Ofwat). The economic regulator of the water and sewerage industry in England and Wales.

Charging policies

Basis for calculating Primary Wholesale charges

The underlying principle used for deriving the Primary Wholesale Tariffs is that the wholesale tariff for each customer segment should be reflective of the average cost of providing wholesale water.

For the purposes of tariff setting wholesale activities are defined to cover the activities and overheads associated with: water resources and abstraction of water, raw water distribution, water treatment, treated water distribution and scientific services.

Development of the tariffs followed two key steps:

- Identification of the wholesale cost base, separated by functional activity;
- Allocation of those wholesale costs to distinct customer classes / segments.

To identify the unit cost to serve for each customer segment, cost allocation rules were developed applying variants of the relative output method, which is considered best practice within Fully Distributed Cost (FDC) methodologies.

Basis for calculating Non-primary Wholesale Charges

Services which the wholesaler may charge for are determined in the Wholesale - Retail Code. Charges are established in relation to the average cost of supplying the service.

The activities are listed in our section Open Water Activities and the charges are shown in the tariff section of this document.

Where Non-primary charges reflect the cost of labour, an hourly rate is quoted. Charges will be based on the actual time spent doing the requested work.

Requirement for a Wholesale - Retail contract

Any Retail licensee wishing to provide Retail services within our area of supply is required to enter into a Wholesale - Retail Contract. This will be the standard contract for Wholesale Services as set out in the Wholesale - Retail Code.

Application of Business Terms

For the avoidance of doubt, the Business Terms shall apply at all times in relation to transactions set out in this document and the

Wholesale - Retail Code.

The Business Terms are designed to establish the rights and obligations of the parties to the Wholesale - Retail Contract and also cover a number of other matters of a contractual nature.

Payment terms for retailers

All Wholesale Charges for standard non-primary services will be billed upon completion of the operational works. Non-primary non-standard services will be based on a quote to be paid upon acceptance. All Primary Wholesale Charges will be based on the calculations in the Open Water central market settlement systems.

Credit support for retailers

Payment terms applied are those set out in the Wholesale - Retail Code Part 2: Business Terms and will vary dependent on whether retailers have selected a prepay (payment in advance) or a postpay (payment in arrears) option.

Retailers who have selected a postpay payment term will be required to provide and maintain credit support in accordance with the Business Terms.

The Company will make available to retailers the standard credit support options set out in the Business Terms.

The following options of credit (or combinations thereof) will be offered to the retailer provided that the required criteria are met:

- Cash security account
- Letter of credit
- Third party guarantee
- Surety bond
- Unsecured credit allowance
- Insurance

Alternative eligible credit support which complies with the requirements specified may be considered.

Such credit support options must be applied in the form set out in the Business Terms.

Methods of payment

For each monthly billing period the Wholesaler will invoice the retailer for Primary charges. Standard non-primary charges will be invoiced upon completion of the works. Invoices will be issued electronically unless otherwise agreed with the retailer. Payments are required to be made by electronic transfer to a UK bank account nominated by the Company.

Interest

If any sum payable under the wholesale contract is not paid at the expiry of the period for payment, the Wholesaler will claim interest on the amount outstanding (both before and after judgment or decree) at a rate in accordance with the Business Terms.

Such interest will be calculated from (but excluding) the date of expiry of such period until payment thereof, calculated on a daily basis and compounded annually.

Value Added Tax

All charges contained in this Charges Scheme are exclusive of Value Added Tax (VAT).

VAT is payable for customers falling within Standard Industrial Classifications (SIC) codes 1-5. The retailer will inform the Company of their Standard Industrial Classification.

All charges for ancillary services the Wholesaler provides will be subject to VAT at the appropriate rate.

Invoicing

Invoices for Primary charges will be raised in accordance with the published timetable, a copy of which is available to view on our web portal.

Measured charges

Where the occupier of a non-household property at which a meter has been installed is liable to pay water charges, measured charges will apply unless there is an agreement between the company and the retailer of that property to pay a different tariff.

As well as our standard tariff, the Company has an intermediate tariff, for annual consumption between 10,000 - 49,999m³ and a large user tariff for consumption over 50,000m³.

Retailers identifying a customer that qualifies for our intermediate or large user tariff, but who is not already on the tariff, should apply for this to be changed by submitting form HO4 via our web portal. No retrospective adjustments will be made.

Unmeasured charges

Where the occupier of a property is liable to pay water and a meter has not been installed at the property, unmeasured charges, set out in this charges scheme will apply.

Unmeasured charges will continue to apply until such time as either:

a) The occupier of the non-

household property chooses to have a meter installed. Unmeasured charges will continue to apply and be payable up to the date the meter is installed; or

- b) The Company determines that water is being used, or is to be used, for one or more of the non-domestic purposes which would entitle the Company to require the water supply to be metered under Regulations made by the Secretary of State for the Environment.

Again unmeasured charges will continue to apply and be payable up to the date the meter is installed.

Unoccupied properties

Where a retailer identifies a site that believes is unoccupied but is currently being charged, or is occupied but currently not charged they should advise the Company through market transactions.

Leakage

The non-household customer is liable for the cost of all water registered on the meter. No allowance is made in respect of leakage from customers' pipework except for mixed use premises.

Non-household customers must discuss this issue with their retailer, who will progress with the Company as appropriate.

Water meter installation

Customers receiving an unmeasured water supply may wish to be charged for water supplied to their premises by meter. If their premises are served by a separate service pipe and the plumbing installations comply with Water Regulations, they may elect to have a meter installed, subject to the completion of certain formalities.

Where a shared supply exists the Company can quote to enable a separate supply and meter be fitted.

The meter will be positioned in the Company's preferred location at the property boundary, although consideration may be given to alternative locations provided that provision is made for unrestricted access to read the meter.

A meter, where installed, remains the property of the Company.

The Company will only allow installation of approved meters as per its meter menu, as published on our Wholesale Service Desk web portal.

For a non-household premise, the retailer must pay the cost of installation of the meter and once the water charges have become measured charges, they will remain so irrespective of any change of use of the premises or of the purpose for which the water is used. Installation will be carried out in accordance with the Open Water SLA.

Firefighting

No water charges are levied for water used for firefighting, fire training or firefighting systems such as sprinklers, including the replenishment of storage tanks, hydrants and testing. The Company will usually install a separate connection to the water mains for these systems.

Charges for the provision and maintenance of fire hydrants is set out in our Non-primary Charges.

Gap sites

Where a retailer identifies a site that they believe is supplied with water services but is not currently being billed the relevant charges, they should advise the Company through the standard Open Water process, C3.

The Company does not operate an incentive scheme for the

identification of such sites and only backdate charges for the current Charging Year, or to the point at which it was reasonable to have expected the customer / retailer to advise the Company of the services received.

Special Agreements

The Company does not have any special agreements in place.

Guaranteed Service Standards (GSS)

Please refer to the table on page 102 of 'Wholesale Contract Schedule 1, Part 2: Business Terms' for GSS payments amounts for non-household customers.

Replacement of lead service pipes

It is not the Company's policy to make a contribution towards lead service pipe replacement for non-household properties.

Damage to apparatus

Damage is charged back to the third party on a fully rechargeable basis.

Water (fittings) Regulations inspections

Periodic industrial inspections are carried out free of charge.

Logging of meters

The Company has a policy of installing loggers to record flow at some of its sites where consumption is generally high.

Where this is the case the Company is willing to provide full access to the data on a cost sharing basis. For more details contact the Wholesale Service Desk.

In principle the Company has no objection to third party logging of its revenue meters as long as the installation is undertaken by the Company where the meter seals and index are to be removed.

The Company requires the completion of a Third Party Logger Application Form which is available on our web portal.

You must adhere to our third party logging terms and conditions a copy of which can be found on our web portal.

Accredited Entities

The Company will allow Accredited Entities (AE) to undertake some activities in accordance with the Wholesale - Retail Code Part 3 Operational Terms.

Accredited Entities will have undertaken an assessment of competence and been awarded a WIRSAE accreditation from a Water Industry Regulated Provider.

Confirmation to the requesting licenced retailer of approval to proceed to carry out the specified work will be provided within the SLA of each of the processes within the Wholesale - Retail Code.

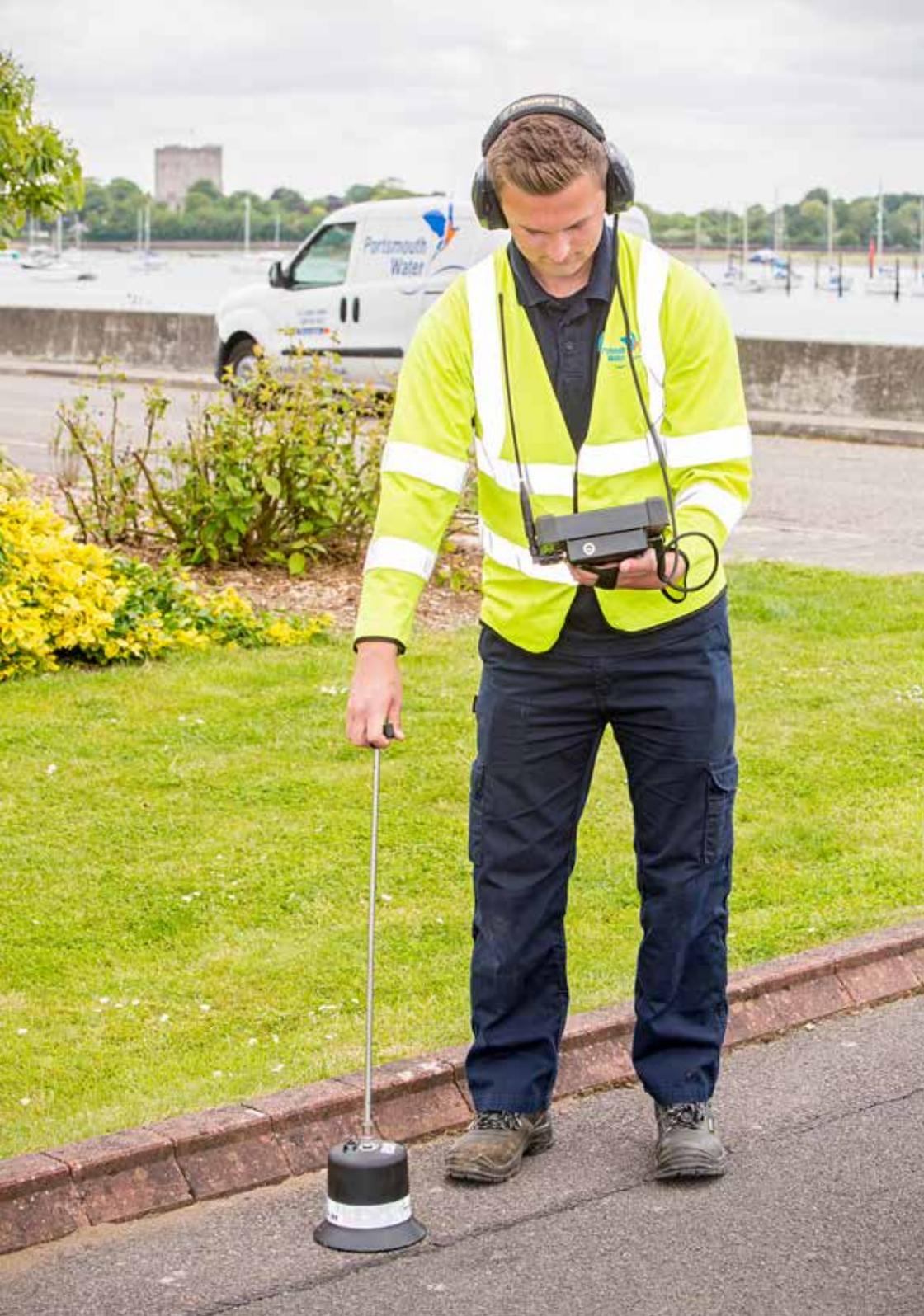
Appointments

We may offer appointments for our representative to visit the premises where the visit requires access in order to provide the requested service, or requires the presence of the non-household customer or their retailer.

Appointments will be made subject to availability, directly with the non-household customer where permission is given by the retailer, or via the retailer. We offer standard appointments during the following windows unless otherwise stated:

Monday to Friday, 8.00 to 12 (am)
Monday to Friday, 12 to 4.00 (pm)

A 2 hour time slot can be requested where necessary.



Abortive Charges

We may apply an abortive charge of £61.50 in circumstances where we have unnecessarily incurred costs in relation to the delivery of a service requested by a retailer which is no longer required or is cancelled by the retailer.

The cost of any abortive permit notices or road closures will be charged at cost.

Flow and Pressure Tests

We may apply a charge of £60 per hour for any flow and/or pressure tests requested where the result shows our supply is above the Guaranteed Service Standard.

Disconnections and Reconnections

The below table shows what activity constitutes as a standard disconnection and the works we will carry out for a standard temporary disconnection and a standard permanent disconnection. During a temporary disconnection for non-payment our operative will spend up to one hour on site and allow your non-household customer to:

- Try to make contact with your non-household customer prior to carrying out any disconnection.
- Allow your non-household

customer to contact you to make payment and wait on site whilst contact is made.

- Allow you to submit any cancellation requests to our Wholesale Service Desk.

For any works required other than those detailed within the table, a quotation will be provided before any works are carried out.

Standard temporary disconnection	Standard permanent disconnection
An operable outside stopcock is shut off	The meter is the only asset that requires removal
There are no access restrictions	There are no access restrictions
Street works are not required	No other utilities require diversion
Traffic management is not required	Work will be performed with basic signing, lighting, guarding and a street works permit
The only resource required to deliver the service is an inspector	Traffic management is not required
The disconnection is carried out within normal working hours	The disconnection is carried out within normal working hours

Standard reconnection following temporary disconnection	Standard reconnection following permanent disconnection
An operable stopcock is turned on	A meter is the only asset that requires reinstalling
There are no access restrictions	There are no access restrictions
Street works are not required	No other utilities require diversion
Traffic management is not required	Works will be performed with basic signing, lighting, guarding and a street works permit
The only resource required to deliver the service is an inspector	Traffic management is not required
The reconnection is carried out within normal working hours. (Emergency reconnections are available at a higher cost)	The reconnection is carried out within normal working hours. (Emergency reconnections are available at a higher cost)

If the work required falls outside of the activities in the table then the disconnection or reconnection will be non-standard.

Open Water activities

Introduction

As part of the Open Water requirements the following activities have been identified as the activities which wholesalers may charge for.

Meter installation – process B1

A standard meter installation is offered if, following a survey, no pipework modifications or excavation is required and the supply is a single supply. This is shown in our Non-primary Charges.

A non-standard installation is where pipework modifications or excavation is required. If a non-standard installation is required a quote will be provided.

Meter accuracy – process B3

Charges for testing meter accuracy in situ, up to 50mm, are shown in our Non-primary Charges.

All other sizes or where external verification is required will require a quote.

Repair or replacement of a faulty meter performed by the wholesaler -

If we have unnecessarily incurred costs as a result of a request to

repair or replace a faulty meter then an abortive charge shall apply (see page 14).

Retailer request to change size, model or location of meter – process B7

A quote will be provided for this service depending on the situation.

Verification of meter details or meter supply arrangements – process C1

An hourly rate will be charged if it is confirmed that the meter details are correct. If inaccurate, there will be no charge.

Disconnection requested by the retailer and performed by the wholesaler in relation to non-household customer non-payment - Process I1

A temporary disconnection will be charged at a fixed cost of £120.00.

Disconnection requested by the non-household customer and performed by the wholesaler – Process I5

There will be no charge.

Gaining entry to an eligible premises for the purposes of disconnection using the wholesaler's powers of entry at retailer request – Process I7

A quote will be provided for a permanent disconnection given the situation.

Reconnection requested by the retailer and performed by the wholesaler – Process I8

A reconnection will be charged at an hourly rate if carried out within normal working hours (8am to 4pm, Monday to Friday). Emergency or out of hours reconnections will be charged at a fixed cost of £184.50.

Reconnection performed by the wholesaler following a disconnection requested by the non-household customer – Process I11

A reconnection will be charged at an hourly rate. Charges will be based on the actual time spent doing the requested work.

Visits by the wholesaler to eligible premises not covered by other processes - Process F3

Such visits will be charged at an hourly rate.

Reconnection performed by the wholesaler following rectification of a breach of Water Fittings Regulations - Process I10

Any visit undertaken where the breach has not been rectified will be charged at an hourly rate.

Schedule of wholesale tariffs & general charges

Primary non-household tariffs

Unmetered water supplies		1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Standing charge		£8.02	£8.26
Rateable value charge (pence/£rv)		39.5	40.7
Licence charge		£91.88	£95.02
Minimum charge		£61.34	£63.21

Metered water supplies		1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Less than 10,000 m ³ per year	Volume charge £ per m ³	0.7260	0.7500
	Site Fee (£)	n/a	n/a
10,000 - 50,000 m ³ per year	Volume charge £ per m ³	0.7027	0.7220
	Site Fee (£)	£233	£229
More than 50,000 m ³ per year	Volume charge £ per m ³	0.5950	0.6120
	Site Fee (£)	£5,616	£6,004

Metered water supplies		1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Size of meter or supply pipe internal diameter			
15mm (0.5 inches)		£7.15	£7.45
20mm (0.75 inches)		£11.40	£11.82
25mm (1.00 inches)		£69.00	£71.37
40mm (1.50 inches)		£151.15	£156.33
50mm (2.00 inches)		£192.47	£199.07
80mm (3.00 inches)		£284.82	£294.60
100mm (4.00 inches)		£724.47	£749.33
150mm (6.00 inches)		£1,614.77	£1,670.18
200mm (8.00 inches)		£2,659.26	£2,772.73
300mm (12.00 inches)		£6,379.26	£6,651.44

Non-primary charges

Standposts

Size	Month(s)	Deposit	Hire charge*	Consumption charge
25mm (1.00 inch)	1	£200	£45	based upon the usage of water at the standard volumetric rate
25mm (1.00 inch)	6	£200	£100	
50mm (2.00 inch)	1	£600	£45	
50mm (2.00 inch)	6	£600	£160	

*VAT applicable to hire charge and consumption which is an industrial supply.

Meter installation on an existing service - B1

External installation survey	£61.50 per hour
Standard meter installation 25mm	£91.23 + VAT
Standard meter installation 32mm	£141.45 + VAT
Cost of all other non-standard installations	based on quotation
Internal installation survey	£61.50 per hour
Cost of internal installation	based on quotation

Meter accuracy

Non-household meters up to 50mm (2.00 inches) - B3	£71.75
Non-household meters greater than 50mm (2.00 inches) or external verification - B3	based on quotation

Changing meters at licenced retailer request

Survey - B7*	£61.50 per hour
All other actions, upsizing or downsizing - B7*	based on quotation

Verification of meters

Verification of meter details - C1*	£61.50 per hour
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Non-primary charges (continued)

Visits by the Wholesaler to eligible premises

Visits by the Wholesaler to eligible premises not covered by other processes	£61.50 per hour
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Disconnections

Survey during working hours	£61.50 fixed cost
Standard temporary disconnection for non payment - I1	£123 fixed cost
Standard permanent disconnection for non payment - I1	based on quotation
Non-standard temporary disconnection for non-payment	based on quotation
Non-standard permanent disconnection for non-payment	based on quotation
Gaining entry to eligible premise - I7	based on quotation

Reconnections*

Standard reconnection requested by retailer (in normal working hours) - I8*	£61.50 per hour
Standard reconnection requested by retailer (emergency/out of hours) - I8	£184.50 fixed cost
Standard reconnection performed by wholesaler (in normal working hours) - I11*	£61.50 per hour
Standard reconnection performed by wholesaler (emergency/out of hours) - I11	£184.50 fixed cost
All non-standard reconnections	based on quotation

*charges will be based on the actual time spent doing the requested work.

Primary household tariffs

Unmetered water supplies	1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Standing charge	£11.08	£11.48
Rateable value charge (pence/£rv)	39.13	40.40
Licence charge	£98.06	£101.19
Minimum charge	£63.88	£66.03
Social tariff	£63.88	£66.03

Metered water supplies	1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Size of meter or supply pipe internal diameter		
15mm (0.5 inches)	£10.79	£11.20
20mm (0.75 inches)	£15.01	£15.57
25mm (1.00 inches)	£69.04	£71.36
40mm (1.50 inches)	£151.19	£156.32
50mm (2.00 inches)	£192.50	£199.06
80mm (3.00 inches)	£284.86	£294.58
100mm (4.00 inches)	£724.47	£749.33
150mm (6.00 inches)	£1,614.77	£1,670.18
Consumption charge (£ per m ³)	0.722	0.745

Assessed meter charges	1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020
Single occupier with one bedroom	£54.52	£56.18
Other	£81.26	£83.59
WaterSure	£83.53	£86.10

Customer information

Map of Company area

