

Leep Networks (Water) Limited

Charges Scheme for Wales

2019 – 2020



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1. Introduction and Scope

Introduction

Leep Networks (Water) Limited (LNWL) (the Company) is a licensed water & sewerage undertaker operating in the New Appointments & Variations (NAV) market. This document contains the Company's Wholesale Charges Scheme for 2019/20 (the Scheme).

The Scheme is produced with reference to the Wholesale charging rules issued by the Office for Water Regulation (Ofwat) in November 2016. The full text of these rules is available at: <https://www.ofwat.gov.uk/wp-content/uploads/2016/11/Wholesale-charging-rules.pdf>

Scope

From April 2017, occupiers or owners of eligible non-household premises have been able to choose their supplier of Retail services. Eligible Premises are defined within the guidance issued by the Regulator (Ofwat). Further information may be found at: <http://www.ofwat.gov.uk/publication/eligibility-guidance-whether-non-household-customers-england-wales-eligible-switch-retailer/>.

This Scheme sets out the charges made for Wholesale services to such premises and does not represent the final Retail charges that may be made at the point of use.

The Scheme only applies to Wholesale charges made within the areas for which the Company is the appointed water and / or sewerage undertaker; these areas are shown in the list below:

- Llanilid Park, CF72

Maps of LNWL's appointed areas are not included within this document, but may be found on our website in the Wales Water Charges Scheme information at the following link: <https://www.leeputilities.co.uk/regulatory-statements>

2. Value Added Tax

This section is a summary description of the VAT liability of charges and is subject to changes in VAT legislation and rates of VAT.

Measured water supply charges to businesses whose predominant activity falls within categories 1 to 5 of the Standard Industrial Classification (1980 Edition), i.e.:

1. energy and water supply industries;
2. extraction of minerals and ores other than fuels, manufacture of metals, mineral products and chemicals;
3. metal goods, engineering and vehicles industries;
4. other manufacturing industries;
5. construction;

are subject to Value Added Tax (VAT) at the standard rate. Water supply charges to all other customers are zero rated.

For properties where waste is disposed of via a public sewer, measured sewerage and sewage disposal charges and trade effluent charges are always zero rated.

Charges for engineering and construction services are subject to VAT at the standard rate, unless they relate to new construction of dwellings (in which case they are zero rated).

All charges in the Scheme are shown exclusive of VAT.

3. Primary Charges

Primary charges are those charges made for abstraction, treatment and delivery of potable water and for the collection, treatment and disposal of waste and the maintenance of the physical networks. Primary charges will consist of volumetric charges plus any fixed and / or annual charges (where applicable).

Water

Volumetric Charge

The volumetric charge will be calculated by reference to the consumption recorded on the meter connected to the premises, multiplied by the volumetric rate (pence per cubic metre) applicable to the appointed area, as set out in the tariff tables below. The volumetric rate may vary according to the volume consumed annually, whereby Intermediate and Large User charging bands may apply.

Fixed Annual Charge

For each premise a fixed annual charge may be applied. These charges, where applicable, are set out in the tariff tables below. Such charges may include standing charges related to meter size and / or supplementary charges related to annual consumption.

Sewerage

Sewerage charges will consist of (a) a volumetric charge relating to the volume of the water delivered to the premises, plus (b) highway drainage and / or surface water charges, plus (c) a standing charge plus (d) a fixed annual charge, if applicable.

Volumetric Charge

The volumetric charge will be calculated by multiplying the applicable tariff by the volume of water recorded on the meter. The calculation will include an allowance for the portion of the delivered water which is not discharged from the premises. Should a customer be able to show that the volume not discharged is greater than the allowance applied to their premises, LNWL will consider reducing the volume used in the charge calculation by an equivalent amount.

Standing Charge – Surface Water

The charge for surface water from premises is recovered through the standing charge. The standing charge is set according to supply pipe size and / or annual volume. Charges are set out in the tariff tables in this document. Where a customer can demonstrate to the satisfaction of the Company that no surface water from the premises discharges to the Company's sewerage network, the Company will apply the full Abated standing charge as shown in the tariff tables.

Standing Charge – Highways Drainage

Highways Drainage charges are collected through standing charges and are applied to all premises.

Supplementary Charges

For a premise discharging significant quantities of waste, large-user charges may be applied. These charges comprise a reduced volumetric tariff plus standing charges plus a fixed annual charge. The fixed annual charge is set according to the discharge band into which the premises fall. Details of these charges are set out in the tariff tables in this document.

4. How charges are applied

General

Charges will be due upon receipt by the Licensee of an invoice from the Company, the invoice to be based upon the scheduled Settlement Reports issued by the Market Operator. Payment terms will be in accordance with the Wholesale – Retail Contract signed by the Licensee and the Company. The failure of the Company to issue an invoice or the non-receipt of an invoice by the Licensee does not negate the responsibility of the Licensee to pay the charges.

In the event that the Market Operator is unable to produce a Settlement Report for any given period, the Company reserves the right to issue an invoice based on estimated or actual consumption.

Water charges

All properties within the Company's appointed areas will be metered. Unmetered and Assessed charges are not available. Charges will be calculated according to the volume recorded on the meter, plus any relevant fixed and standing charges and will be applied to a single site, where "single site" means any premises whose water supply is measured by a single meter. The Company may, at its discretion, agree that a site served by more than one meter will be classed as a single site.

Sewerage charges

For customers liable for paying sewerage charges, the full foul, surface water and highway drainage sewerage tariff will be

applied to their account unless they apply in writing to pay the foul and highway drainage sewerage only tariff. The foul and highway drainage sewerage only tariffs for our inset areas are set out in the tariff tables within this document.

The fully abated foul and highway drainage sewerage-only tariff will be applied to an account only when the Company is satisfied that the property draining to the Company's sewerage network has no surface water drainage connection to that network. Where a customer has taken steps to reduce the surface water ingress to our sewerage network, the Company may agree to a reduction in the surface water element of the drainage charges.

Once the Company has confirmed a customer's entitlement, the foul and highway drainage -only tariff will be applied to a customer's account from the start of the charging year in which a written application is received.

Concessionary Charges

This Charges Scheme does not provide for reduced charges to community groups in respect of surface water drainage from their premises.

5. Secondary Charges

Secondary charges are charges made for services not directly related to the provision of potable water and / or the removal of waste. A list of some such charges is given in the table below, but the Company reserves the right to also make charges for services not shown in the list, such charges to be set with due regard to the reasonable costs and supplementary charges incurred by the Company in making those services available.

Item	Description	Charge	Comments
a	Replacement of Lead Service Pipes	NA	LNWL has no lead pipes in its appointed areas (see Note 1)
b	Provision and maintenance of fire hydrants	£POA	Daily rate with a minimum half-day of £400 plus materials and sundry charges. (see Note 2)
c	Damage to apparatus	£POA	Daily rate with a minimum half-day of £400 plus materials and sundry charges. (see Note 3)
d	Water Fittings inspections	£POA	Daily rate plus an administration charge with a minimum half-day charge of £240 (see Note 4)
e	Site inspections	NA	(see Note 5)
f	Provision and use of standpipes	£POA	£3000 per year or £300 per month for 1" / 20mm standpipe, unlimited consumption. Minimum charge £300. Charges for standpipes larger than 1" / 20mm upon application. (see Note 6)
g	Testing of meters	£POA	Minimum £134 for meters at or below 25mm if meter found to be registering within acceptable limits. (see Note 7)
h	Disconnection & reconnection of service pipes	£POA	Daily rate with a minimum half-day of £400 plus materials and sundry charges. (see Note 8)
i	New connections	£POA	Daily rate with a minimum half-day of £400 plus materials and sundry charges. Infrastructure Charges may apply. (see Note 9)

Notes on the Secondary Charges

Note 1 – Replacement of lead service pipes

LNWL installed its first network in 2007 and as such there are no lead service pipes within any of the Company's appointed areas.

Note 2 – The Provision and Maintenance of Fire Hydrants

Section 58 of the Water Industry Act 1991 allows for the owner or occupier of any factory or place of business to request a water undertaker to fit a fire hydrant to a suitable main or pipe belonging to that undertaker at a location as near as conveniently possible to that factory or place of business. This Section also allows for the recovery of expenses incurred by the water undertaker associated with fitting said requested hydrant, such cost to be recovered from the owner or occupier of the building.

Note 3 – Damage to Apparatus

Where the Company's apparatus is damaged, we will charge the responsible party for the reasonable costs of repair. Our charges will include contractor costs, materials and any associated highway and local authority charges. Consequential losses, such as consumption of water or damage due to flooding, may also be charged.

Note 4 – Water Fittings inspections

The Company has a duty under the Water Industry Act 1991 to ensure that the water it supplies is wholesome and fit for human consumption. The Company also has a duty to prevent waste, misuse, undue consumption and erroneous measurement under the Water Supply (Water Fittings) Regulations 1999. Where we have reason to believe that a plumbing installation may pose a contamination risk to our network, we reserve the right to inspect the installation with a view to determining what, if any, remedial action shall be taken. The charges for such an inspection and any subsequent actions required will be borne by the occupier or owner of the building.

The above notwithstanding, The Company does not carry out Water Fittings inspections at existing premises for any purposes other than where it believes a contravention may have taken place and does not currently offer this service where an owner or occupier wishes to arrange an inspection for their own auditing purposes.

Note 5 – Site inspections

The Company does not carry out site inspections at existing premises other than where it believes a breach of regulations may have taken place and does not currently offer this service where an owner or occupier wishes to arrange an inspection for their own purposes.

Note 6 – Provision and use of standpipes

Owners or occupiers or other authorised persons may request access to the Company's network for fixed periods through the use of standpipes attached directly to hydrants or washouts. Applications for such access should be made in writing 14 calendar days in advance of the required date, although every effort will be made to satisfy a request made at shorter notice. Standpipes must be provided by the customer and shall have suitable backflow prevention fitted, shall have effective seals fitted to the base and shall be maintained in a leak-free condition. The Company reserves the right to revoke network access where a standpipe is found to be defective and to determine where on its network a standpipe may or may not be connected. The Company may also require the fitting of a meter for the recording of consumption.

Note 7 – Testing of meters

In accordance with the provisions of the Water (Meters) Regulations 1988, the owner or occupier of a premise who believes that the meter supplying that premise is faulty may require the Company to test the accuracy of the meter.

The Company will investigate the matter and if it considers that the meter is incorrectly recording use will fix or replace the meter as soon as possible. The Company may also choose to replace the meter if it considers that due to the age or type of meter that testing the meter would be un-economic.

If the Company considers that the meter is correctly recording use, but a customer believes that the meter is faulty, the customer can ask the Company to provide an application form for the meter to be tested. The meter will be sent to a Trading Standards approved test centre for testing and a new meter will be installed. There will be a charge for this activity if the test shows that the meter is correctly recording use. In such circumstances meters at or below 25mm nominal diameter will be charged at a fixed rate of £134. Meters larger than 25mm will be charged according

to a quotation, provided by the Company.

A copy of the test results will be sent to the customer. If the test confirms that the meter is operating within the prescribed limits of error as set out in the applicable Regulations, a charge not exceeding that permitted under the Water (Meters) Regulations 1988 will be payable by the person requesting the test.

If the meter is found to have been over-recording use in accordance with the Regulations it will be deemed to have begun to have registered use incorrectly from the date of the last but one meter reading taken by the Company (unless it can be shown that it became faulty at a later date). Charges will be amended back to that date on the basis of meter readings taken by the Company from the replacement meter.

If a meter serving non-household premises is found to have under-recorded consumption the Company reserves the right to recover any additional charges which may be due for the period from the date the meter is deemed to have become faulty. In so doing it will use readings taken from the replacement meter to estimate what the level of use was in the period in question.

Note 8 – Disconnection and re-connection of service pipes

Disconnection and re-connection of premises may be requested by an authorised person or company. The Company will consider the request and may survey the site prior to acceding to the request. Charges will reflect the actual costs associated with the activity plus a charge for administration.

Note 9 – New connections

An owner or occupier of premises may request a new or additional connection to those premises. Connections will be made in accordance with the provisions of the Water Industry Act 1991, Sections 45 and 106, subject to the availability of a suitable pipe, sewer or main and sufficient capacity within the LNWL network and with due consideration given to the effect of that connection on the Company's existing customers. Charges for making a connection will be recovered from the person requesting the connection.

In addition to connection charges, Infrastructure Charges may be payable. More information about our Infrastructure Charges can be found in our household charges scheme, Section 9 at: <https://www.leeputilities.co.uk/regulatory-statements>

6. Trade Effluent

The Company does not presently publish Trade Effluent (TE) tariffs. Where a TE tariff is requested, calculation of the appropriate tariff will be determined by the Mogden Formula and the expected volume of discharge.

Before discharging TE into the Company's sewers, the occupier of the premises must have the appropriate consent from us. The occupier (or a Licensed Retailer representing the occupier) must contact the Company at least two months in advance of the required date of commencement of discharge.

7. Gap Sites

LNWL does not presently operate a Gap Site Incentive Scheme.

8. Wholesale – Retail Contract

A licensee wishing to provide Retail services to a non-household premise within LNWL's appointed area must enter into a contract for Wholesale services with the Company. More information on the Wholesale – Retail Contract may be found in the "Schedule 1s" subgroup at: <https://www.mosl.co.uk/market-codes/codes>

9. Summary Tables of LNWL's Wholesale Charges 2019/20

Llanilid Park, CF72

Valid from 1 April 2019

Water			Sewerage			
Meter Size	Standing charge per annum	Volumetric charge per cubic metre	Standing charge per annum	Abated Standing Charge* per annum	Volumetric charge per cubic metre	Abated Volumetric charge* per cubic metre
20mm	£14.56	127.95p	£54.88	£18.13	156.73p	142.49p
25mm	£80.65	127.95p	£223.62	£186.87	156.73p	142.49p
30mm	£154.64	127.95p	£323.11	£286.36	156.73p	142.49p
50mm	£463.22	127.95p	£872.33	£835.58	156.73p	142.49p
80mm	£623.81	127.95p	£2,062.96	£2,026.21	156.73p	142.49p
100mm	£988.86	127.95p	£3,650.68	£3,613.93	156.73p	142.49p

* The abated charge is payable where no part of the property is connected for surface water drainage.