



Statement of Assurance for 2021/22 Charges

11 January 2021

Charges Scheme, Wholesale Charges Schedule and
Charging Arrangements for New Connections



1. Introduction

This statement of assurance is provided in accordance with Ofwat’s expectations as set out in Information Notice IN20/07 and relevant Charges Rules publications¹. This statement covers the Charges Scheme that applies to end user customer tariffs and charges, wholesale charges to licensed retailers supplying eligible business customer premises and new connection charging arrangements to developers. It also describes significant changes in charges. Our statement is accompanied by supporting useful information on our charges.

A summary of the annual charges publications that this statement of assurance applies to is provided below.

Annual Charges Publications

Charges Scheme

Our charges to all **domestic customers** for the supply and billing of water.

Wholesale Charges Schedule

Our wholesale charges to **licensed retailers** supplying eligible **non-household (business) premises**; and the wholesale element of our charges to **household customers** for the supply of water, and to New Appointments and Variations (NAVs).

Charging Arrangements for New Connections

Our charges for setting up new water supply connections applicable to **developers, retailers, households and businesses**

Statement of Assurance

A statement of assurance provided by the Bristol Water plc. Board that our Charges Scheme, Wholesale Charges Schedule and Charging Arrangements for New Connection Service are compliant with the Ofwat charging rules.

¹ Wholesale Charging rules (March 2020); Charges Scheme Rules (March 2020); and Charging rules for new connection services – English undertakers (March 2020).



2. Statement of Assurance

2021/22 CHARGES SCHEMES, WHOLESALE CHARGES SCHEDULE AND NEW CONNECTION CHARGING ARRANGEMENTS

The Board of Bristol Water confirms that:

- a) The company complies with its legal obligations relating to the charges set out in its charges schemes, wholesale charge schedule and new connection charging arrangements.
- b) The Board has assessed the effects of the 2021/22 charges on household customers' bills and wholesale service charges to retailers supplying customers occupying eligible premises for a range of different customer types, and confirms that there are no instances where bill increases for particular customer types exceed 5%, given a constant level of consumption. We summarise our key changes in charges and other useful information that provides context for this statement at the end of this document.
- c) No significant changes to charges have been made. The final wholesale and end user charges are lower than the indicative wholesale charges published in October 2020, based on the Ofwat PR19 Final Determination, as adjusted for the 2019/20 Blind Year.
 - Whilst based on our consultation retailers raised no issues with our indicative wholesale charges that showed unmeasured charge increases higher than 5%, the final charges do not exceed this indicative threshold.
 - We also discussed the indicative household charges we published in October 2020 with the Consumer Council for Water (CCW) and the Bristol Water Challenge Panel. For our final charges we have considered updated trends on both household and non-household revenue which results in c.2% lower household charge increases than we had forecast. However, because of this uncertainty, the balance between measured and unmeasured household charge changes (the tariff differential) is more sensitive than normal. Therefore we have a slightly higher tariff differential at £35 than the £32 usual limit, as we



have a reasonable expectation that this can revert to the normal limit next year.

- d) We have not made significant changes to new connection charges for developers. We have reviewed the structure of our charges and cost recovery and made minor changes to individual components. In order to maintain the balance of costs between developers and other customers, there are some scenarios where, but only after income offset, charges to developers for some typical schemes may increase by more than 10%. This reflects scenarios where we make a net payment to developers, and therefore can result in high percentage changes when one year of charge changes are considered.
- Following consultation with CCW, developers and Self Lay Providers, we have also considered the impact against 2019/20 charges, which saw a significant reduction to developer costs due to income offset, because of an increase in property numbers. Improvements in new build forecasts since our indicative new connection charges in October 2020 means the impact is lower. Because we consulted on the potential risk from changes in income offset in 2019/20 and 2020/21, we have sufficient handling strategies by providing developers with options to plan their connections in advance based on the rates at the time of agreement.
- e) The company has appropriate systems and processes in place to make sure that the information contained in the charges scheme, wholesale charge schedule and new connection charging arrangements, and the additional information requested by Ofwat is accurate; and
- f) The company has consulted CCW and other relevant stakeholders (including the Bristol Water Challenge Panel, retailers, NAVs and developers) in a timely and effective manner on its charges schemes, wholesale charge schedule and new connection charging arrangements.

The submission is signed by the Board of Bristol Water and we confirm that the Board has reviewed and endorsed it.



Board Approval			
Name	Role	Signature	Date
Keith Ludeman	Chairman		11.1.21
Tim Tutton	Senior Independent Non-Executive		11.1.21
Jeremy Bending	Independent Non-Executive		11.1.21
Paul Francis	Independent Non-Executive		11.1.21
Jim McAuliffe	Independent Non-Executive		11.1.21
Indradoot Dhar	Non-Executive		11.1.21
Hajime Ichishi	Non-Executive		11.1.21
Paul Malan	Non-Executive		11.1.21
Mel Karam	Chief Executive Officer		11.1.21
Laura Flowerdew	Chief Financial Officer		11.1.21



3. Supporting information for household, wholesale and new connection charges

3.1 Bill Impacts for Household Customers

The table below presents the example bill changes for Household customer charges affecting customers on measured (metered) and unmeasured charges for 2021/22 compared to 2020/21. This reflects our measured and unmeasured charges as set out in our charges publications². It reflects the outcome of the Ofwat PR19 Final Determination, updated to reflect the Ofwat PR19 blind year adjustment decision in November 2020. For measured household customers we show a range of typical volumes (m³ per annum) and for unmeasured household customers a range of Rateable Values (£). The changes in different customer categories largely reflect that retail standing charges do not have CPI(H) inflation applied. For ease of presentation, the components of the example bills are shown later in this statement.

Household Customers	Customer Group	Water used (litres per day)	Typical Bill 2020/21 (£)	Typical Bill 2021/22 (£)	Change (£)	Change (%)
Measured Households	Measured 50	50	103.85	107.89	4.04	3.89%
	Measured 75	75	135.52	140.13	4.62	3.41%
	Measured 100	100	167.19	172.38	5.19	3.10%
	Measured 125	125	198.86	204.62	5.76	2.90%
	Measured 150	150	230.54	236.87	6.33	2.75%
	Measured 175	175	262.21	269.11	6.90	2.63%
	Measured 200	200	293.88	301.36	7.48	2.54%
	Measured 250	250	357.23	365.85	8.62	2.41%
	Measured 300	300	420.57	430.34	9.77	2.32%
	Measured 400	400	547.26	559.31	12.05	2.20%
	Measured 500	500	673.95	688.29	14.34	2.13%
Unmeasured Households	Unmeasured 50	50	84.52	88.49	3.97	4.70%
	Unmeasured 75	75	110.77	115.73	4.96	4.47%
	Unmeasured 100	100	137.03	142.97	5.94	4.34%
	Unmeasured 125	125	163.29	170.21	6.93	4.24%

² Household Charges Scheme and Wholesale Charges Arrangement

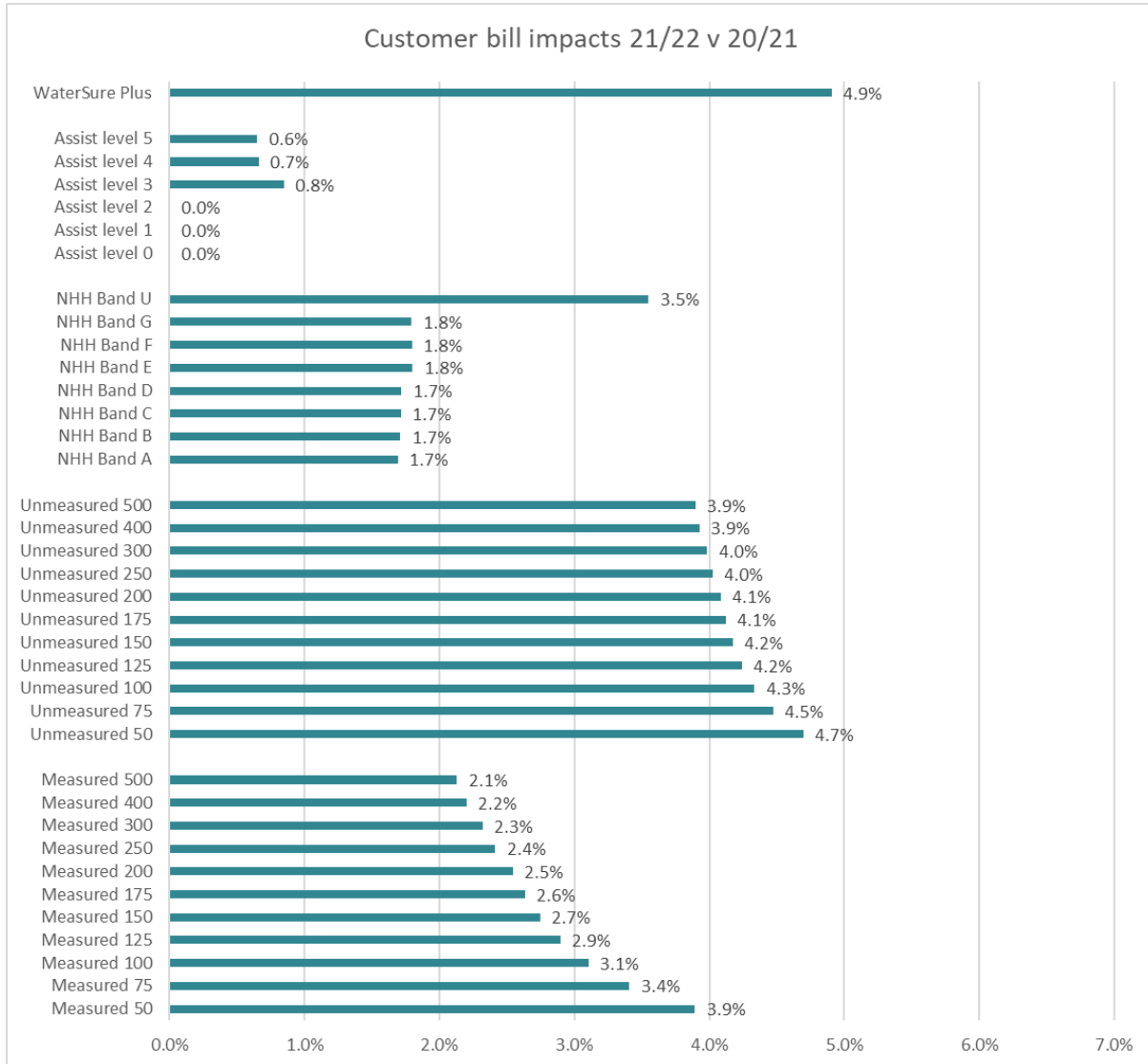


BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Household Customers	Customer Group	Water used (litres per day)	Typical Bill 2020/21 (£)	Typical Bill 2021/22 (£)	Change (£)	Change (%)
	Unmeasured 150	150	189.55	197.46	7.91	4.17%
	Unmeasured 175	175	215.80	224.70	8.90	4.12%
	Unmeasured 200	200	242.06	251.94	9.88	4.08%
	Unmeasured 250	250	294.58	306.43	11.85	4.02%
	Unmeasured 300	300	347.09	360.91	13.82	3.98%
	Unmeasured 400	400	452.12	469.88	17.76	3.93%
	Unmeasured 500	500	557.15	578.85	21.70	3.90%



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22





3.2 Bill Impacts for Wholesale Charges to Retailers

The table below presents example bill changes for wholesale charges affecting licenced retailers that supply eligible Non-Household (business) customers on measured (metered) and unmeasured charges for 2021/22 compared to 2020/21³. This reflects our non-Household charges as set out in our published Wholesale Charges Schedule. Charges for measured Non-Household customers (Bands A to G) are based on forecasts of annual water used (m³ per annum) and for unmeasured Non-Household customers (Band U) the charge is based on the Rateable Value (£).

Non-Household Customers by Band		Water used (m ³ per annum)	Typical Bill 2020/21 (£)	Typical Bill 2021/22 (£)	Change (£)	Change (%)
Non-Households	Band U	200	222	230	8	3.5%
	Band G	500	637	648	11	1.8%
	Band F	2000	2506	2,551	45	1.8%
	Band E	10000	12336	12,558	222	1.8%
	Band D	32500	37251	37,891	640	1.7%
	Band C	75000	81679	83,081	1,402	1.7%
	Band B	175000	180838	183,934	3,096	1.7%
	Band A	375000	369221	375,461	6,241	1.7%

3.3 Bill Impact for Assessed Charges (Household and Non-Household)

Assessed charges are levied for customers who have requested to be charged on a measured (metered) basis but for whom it is not possible to install a water meter at their property. Assessed charges are available to both Household customers, in which case the Assessed charge is based on the number of bedrooms in their property, and Non-Household customers in which case the Assessed charge is based on the number of employees. Single Household occupiers receive the 1 bedroom assessed charge.

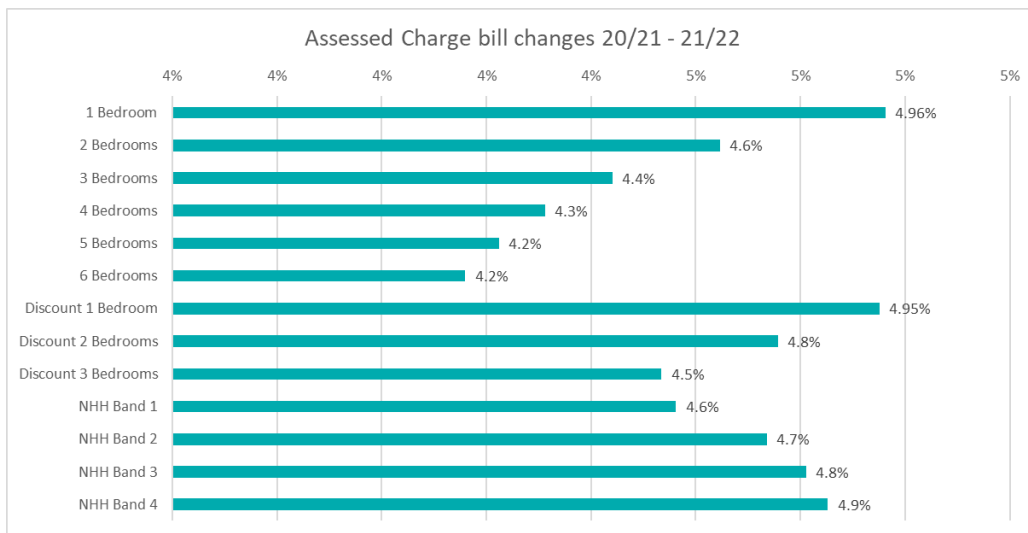
The table below presents typical bill changes for Assessed Household and non-Household customer charges for 2021/22 compared to 2020/21, as reflected in our

³ Charges for retail services provided by retailers will be added to the wholesale charge payable by Non-Household (business) customers.



standard charges publications. The change in charges is also presented in the graph overleaf.

Assessed Charges		Bill 2020/21 (£)	Bill 2021/22 (£)	Change (£)	Change (%)
Household	1 Bedroom	108.40	113.78	5.38	4.96%
	2 Bedrooms	154.40	161.57	7.17	4.6%
	3 Bedrooms	200.40	209.30	8.90	4.4%
	4 Bedrooms	246.40	257.03	10.63	4.3%
	5 Bedrooms	292.40	304.75	12.35	4.2%
	6 Bedrooms	338.40	352.48	14.08	4.2%
	Discount 1 Bedroom	98.21	103.07	4.86	4.95%
	Discount 2 Bedrooms	137.31	143.84	6.53	4.8%
	Discount 3 Bedrooms	176.41	184.41	8.00	4.5%
Non-Household	Band 1	58.16	60.81	2.65	4.6%
	Band 2	96.30	100.86	4.56	4.7%
	Band 3	134.45	140.92	6.47	4.8%
	Band 4	172.59	180.97	8.38	4.9%

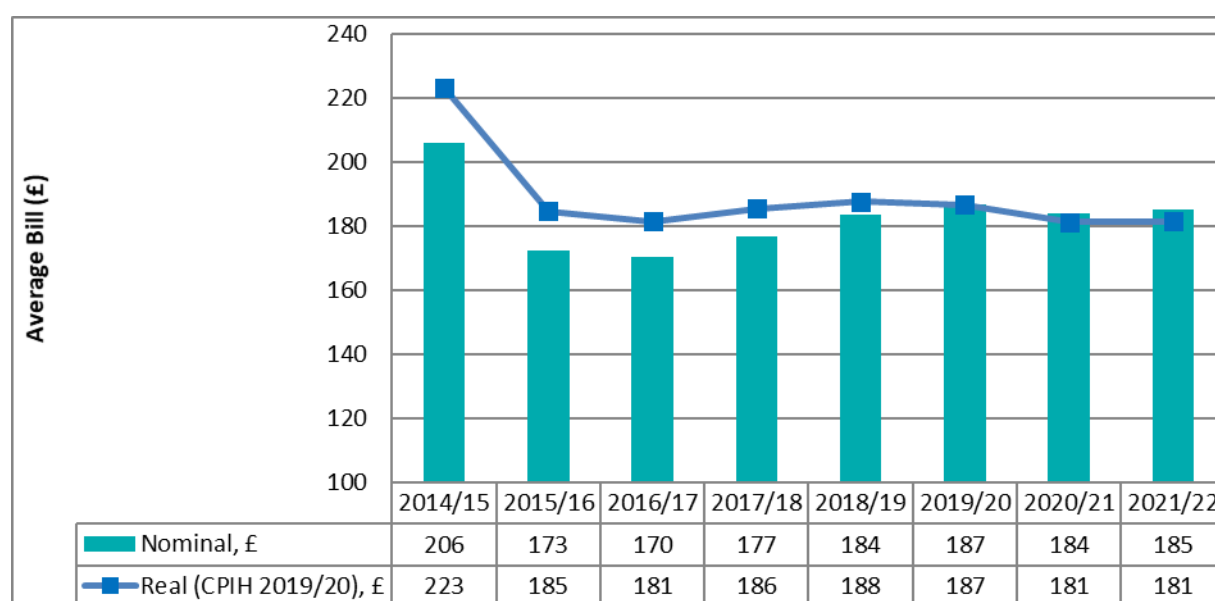


3.4 Average Household Customer Bills



Average household bills are forecast to be £185 for 2021/22. This is 0.5% higher than the average bills we expect customers to have paid during 2020/21, but those have been higher than normal for metered customers due to the impact of Covid-19 causing people to be at home more and using more water. Average bills for 21/22 are 4.4% higher than the forecast we had for 20/21 when we set tariffs, before Covid, and so represents an alternative comparison.

The movement in the average bill since 2014/15 is summarised in the figure below.



The table below presents a breakdown of the average bill for Household customers charged on an Unmeasured and Measured (metered) basis for 2021/22 compared to 2020/21.

Average Household Customer Bill, by Measured and Unmeasured Charges, 2021/22 compared to 2020/21 (£)

Household Customer type	2020/21 average bill – original estimate (£)	2020/21 average bill – latest forecast (£)	2021/22 average bill (£)	Movement vs original (%)	Movement vs updated forecast (%)
Measured	162.70	173.97	170.99	5.1%	-1.7%
Unmeasured	199.49	198.90	207.74	4.1%	4.45%
Overall	177.06	184.02	184.90	4.4%	0.5%



The average bill for 2021/22 has increased by 4.4% compared to our original forecast for 2020/21. This is primarily due to the application of the “blind year” adjustments to our PR19 final determination, to correct for our performance in 2019/20 on service levels, costs and revenues. These adjustments added £2.7m to our allowed revenue for 2021/22, particularly because our leakage performance in 19/20 was much better than we had previously forecast, which reversed much of the outcome delivery incentive penalty that had been included in the final determination. In setting the 2021/22 charges we accounted for November CPIH inflation (0.6%).

The average household bill is also impacted by the effects of Covid-19, as this has reduced the amount of water being used by our non-household customers, which means a greater proportion of our revenue must be recovered from household customers. We have also seen an increase in the number of customers on our social tariffs, again partly due to the impacts of Covid-19, which slightly increases the amount that other customers need to pay to subsidise the discounts given.

A summary of the drivers of changes in the average bill is shown below:

Household Customer type	Contribution to av. Bill increase	Revenue (wholesale and retail revenue controls) £m
2020/21 base		£118.4
PR14 blind year adjustments	+2.4%	+£2.7m
K factors and retail allowance	-0.5%	-£0.5m
CPIH	+0.6%	+0.6m
Social tariffs	+1.0%	Nil
Lower NHH revenue base and other base revenues	+0.9%	Nil
2021/22	+4.4%	£121.3m

The movement in charges for measured and unmeasured household customers for 2021/22 compared to 2020/21, broken down by the component standing and variable charges, are summarised below

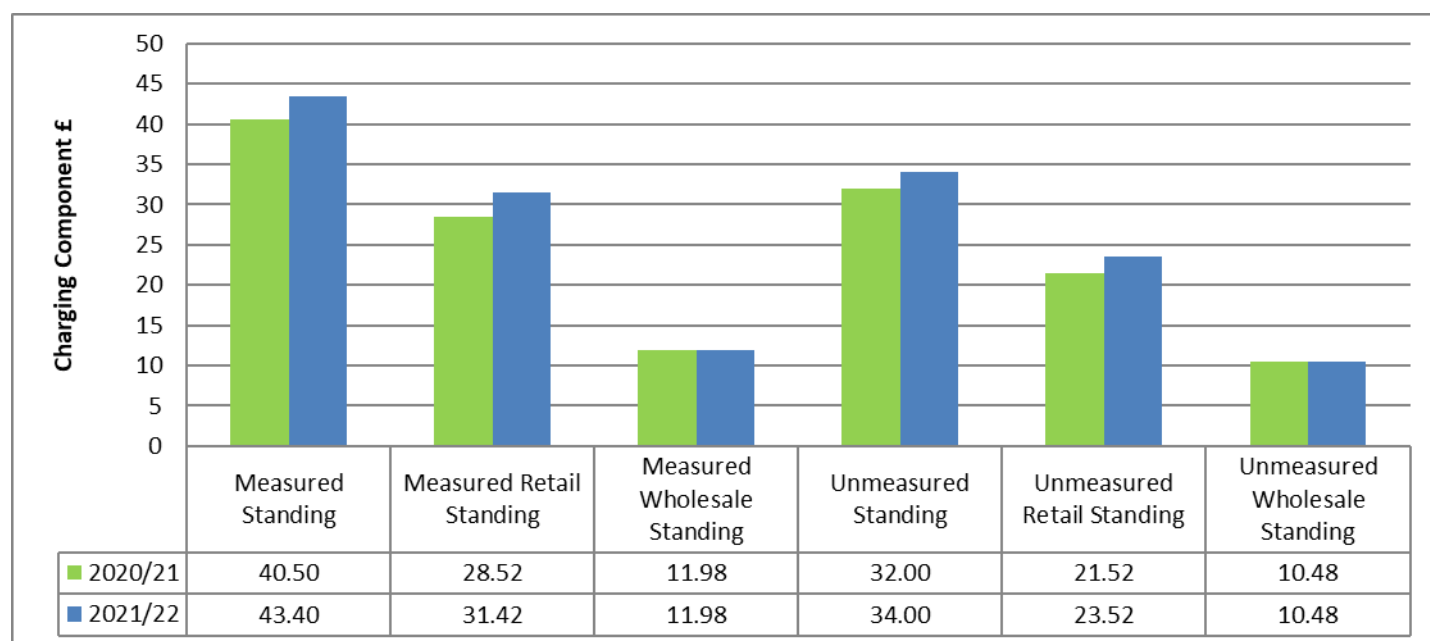


BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Movement in Charges for Measured and Unmeasured Customers, by Charging Component, 2021/22 compared to 2020/21

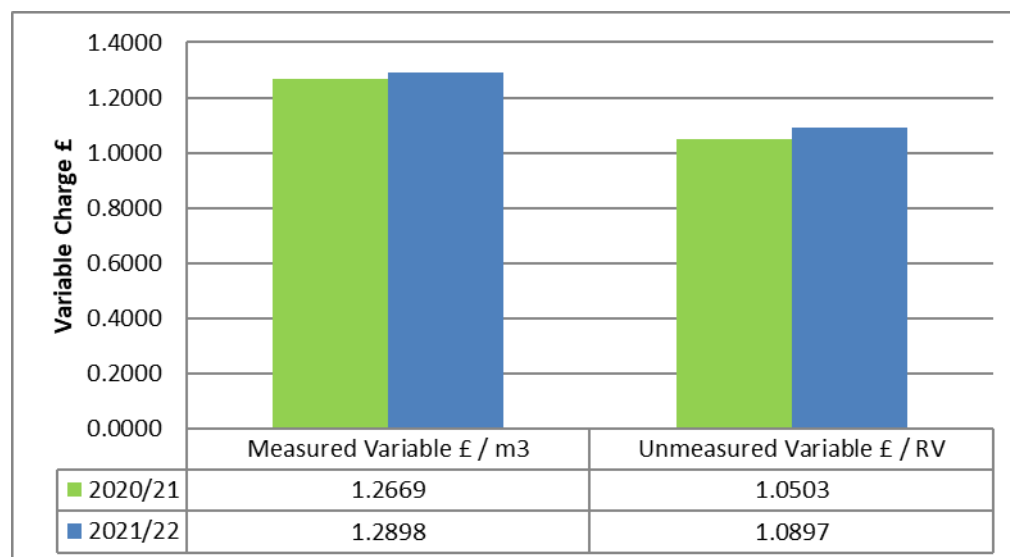
Household Customer	Charging Component	2020/21	2021/22	Change	% change
Measured Household	Standing (£)	39.77	43.40	2.90	7.2%
	Variable (£/m3)	1.2834	1.2898	0.02	1.8%
	Retail Standing (£)	27.54	31.42	2.90	10.2%
	Wholesale Standing (£)	12.23	11.98	0.00	0.0%
	Wholesale Variable (£/m3)	1.2834	1.2898	0.02	1.8%
Unmeasured Household	Standing (£)	32.01	34.00	2.00	6.3%
	Variable (£/RV)	1.0632	1.0897	0.04	3.8%
	Retail Standing (£)	21.48	23.52	2.00	9.3%
	Wholesale Standing (£)	10.53	10.48	0.00	0.0%
	Wholesale Variable (£/RV)	1.0632	1.0897	0.04	3.8%

Movement in Standing Charges for Measured and Unmeasured Customers, by Charging Component, 2020/21 - 2021/22





Movement in Variable Charges for Measured and Unmeasured Customers, 2021/22 compared to 2020/21

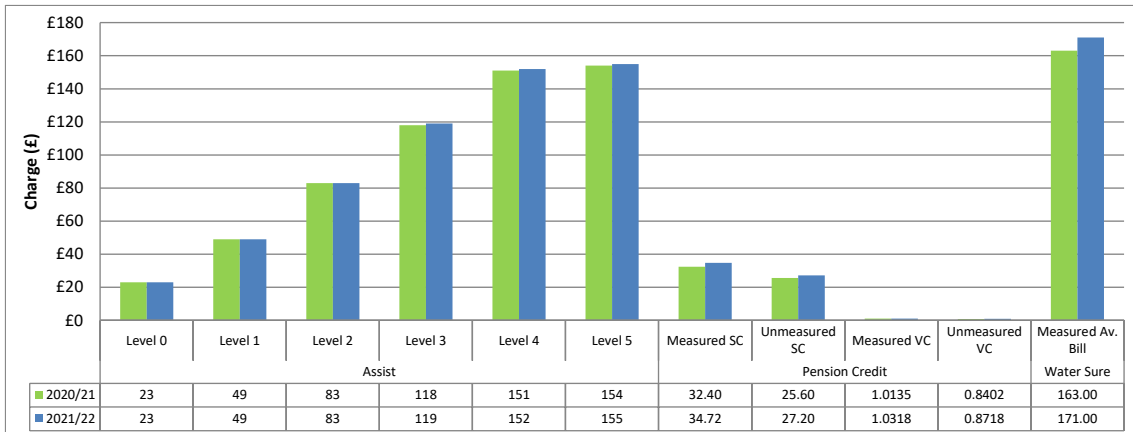


3.5 Social Tariffs and Cross Subsidies

Social Tariffs and the amount recovered through other customer bills vary dependent on the number of claimants and by the level of the social tariff charged. As the figure below presents, our Pension Credit tariffs have increased in line with the increases to standard charges, and continue to offer a 20% discount. Assist charges are subject to inflationary increases in line with September CPI (the figure used to index government benefits) of 0.5%, but we round these tariffs to the nearest pound, which results in lower levels being retained at 20/21 tariffs and others receiving a £1 increase.



Movement in Social Tariff Charges, 2021/22 compared to 2020/21 (£)

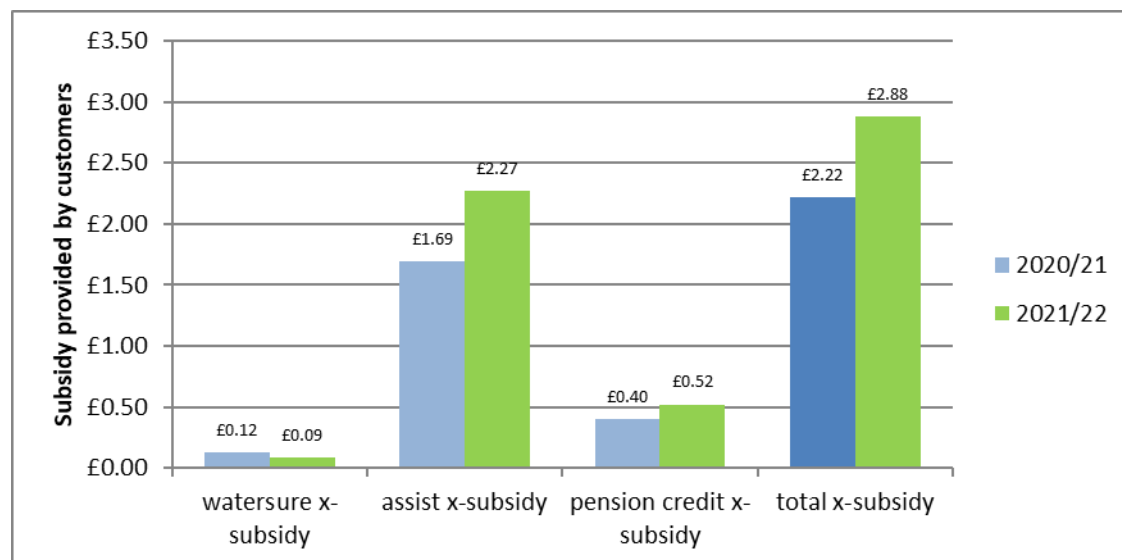


The overall level of the social tariff cross-subsidy for 2021/22 is £2.88 per customer, compared to £2.24 per customer in 2020/21, due to the growth in the number of customers we expect to support. This level of subsidy is slightly higher than the median value of £2.41 which customers expressed willingness to pay for during our PR19 research, but significantly lower than the mean value of £7.08 found in that same research. We hope to reduce the actual level of subsidy required by increasing the level of metering of social tariff customers.

The Figure below presents a summary of the social tariff cross subsidy by each tariff.



Summary of the Movement in the Social Tariff Cross-subsidy, by Tariff, 2021/22 compared to 2020/21 (£ per customer)



NAV charge approach

New Appointments or Variations (NAVs) operate within defined areas within an incumbent water company’s supply region. They are responsible for operation and maintenance of the supply network within their own areas of appointment, and for billing and customer service relationships. These are typically on new build housing developments. At present there are two such NAV sites within our supply region, at Emersons Green near Bristol, and Locking Parklands near Weston-super-Mare.

The starting point for our NAV tariffs is our wholesale charging structure, which sets standing and volumetric charges for households, and for non-households in seven different consumption bands.

The principle of our NAV tariffs is that we then deduct from the wholesale charges the costs that we avoid within the NAV site. This recognises that we do not incur certain types of costs within NAV sites because some activities that we undertake where we serve customers directly

We propose to no longer apply a standing charge to properties on NAV sites, having reviewed bottom up costs saved.

Variable charges

- We apply discounts in relation to:
 - the ongoing costs we avoid at NAV sites:



- not having to replace communication pipes and stop taps
 - not having to replace meters and their chambers
 - not having to renew or replace water mains within the sites
 - not having to clean (“flush”) the water mains
- leakage allowances for volumes not used by NAV customers compared to our bulk meter.
- depreciation costs avoided at NAV sites (an annuity for asset replacement)
- the operating margin for risks we do not face without end customers.
- Where relevant we adjust the calculated discounts for larger non-household properties in recognition of the discounts already included within wholesale charges, reflecting that for larger users they are receiving a discount for on site operations, flushing and leakage etc.

Our proposed NAV tariffs are shown below. The percentage change ignores the removal of fixed standing charges, which as an example for each household served by a NAV are the equivalent of 11.98p/m³ off the on-going costs.

Tariff Band	Customer consumption (m ³ p.a.)	Standard rate wholesale tariff £ per m ³	On going costs - discount £/m ³	Depreciation - discount £/m ³	Operating margin and leakage	Variable NAV Tariff £/m ³ 2021/22	Variable NAV Tariff £/m ³ 2020/21	% Change
NHH A	<500000	0.9379	-0.0058	0.0000	-0.0095	0.9226	0.9213	0.15
NHH B	<250000	0.9971	-0.0061	-0.0284	-0.0395	0.9231	0.9678	-4.61
NHH C	<100000	1.0537	-0.0127	-0.0284	-0.0825	0.9301	0.9745	-4.56
NHH D	<50000	1.1094	-0.0166	-0.0584	-0.0825	0.9519	0.9783	-2.69
NHH E	<15000	1.2520	-0.1503	-0.0584	-0.0825	0.9609	0.9820	-2.15
NHH F	<5000	1.2701	-0.1511	-0.0584	-0.0825	0.9782	0.9828	-0.47
NHH G	<1000	1.2866	-0.1024	-0.0584	-0.0825	1.0434	0.9850	5.93
H Household tariff		1.2898	-0.0335	-0.0584	-0.0825	1.1154	0.9881	12.89



Infrastructure charges and income offset

Our infrastructure charges are forecast to increase from £256 for 2020/21 to £273 for 2021/22 (an increase of 6.6%). The cost and connection assumptions behind this are set out in our new connection charging arrangements document.

The components of our forecast developer services revenue are set out below:

Contribution	2021/22 £
Design Administration Fees	44,138
Requisition Charges	2,318,816
SLP non-contestable work	341,000
SLP Design fees	7,470
Non Physical Connection Fees	37,904
Connection Charges	2,361,765
Infrastructure Charges	1,444,879
Mains diversions revenue	575,000
Income offset	-3,635,399
Total	3,495,571
Number of properties connection	6,185
Number of properties which infra charges apply to	5,302

The infrastructure charges increase, due to lower property numbers, offset by the difference between income and expenditure from previous years to fund network reinforcement. The schemes contributing to our infrastructure charge calculation are shown below.

Scheme	21/22	22/23	23/24	24/25	25/26
Known Schemes for growth					
200mm ID Main to reinforce 10" in Frampton Cotterell	£100,000.00	£274,039.00			
North Chase main		£178,735.00			
Forum to Shepton Mallet Growth	£1,034,000.00	£1,243,000.00			
AMP 7 remaining specific schemes					
Churchill (Mains)	£52,341.66	£52,341.66	£52,341.66	£52,341.66	
Churchill (Reservoir)	£21,467.00	£205,145.00	£1,173,795.00	£1,115,932.00	
Known Developer Driven Mains	£500,000.00	£500,000.00	£500,000.00	£500,000.00	£500,000.00
AMP8 initial assumption					£1,200,000.00
Total expenditure after targeted programme efficiencies	£1,413,205.19	£2,030,063.89	£1,428,371.54	£1,380,490.13	£1,406,743.55



2021-26 projected expenditure		£7,658,874.31
less timing from previous years		-£747,000.00
		£6,911,874.31
2021-26 property numbers		25364
		273

In addition, the infrastructure payment / “income offset” reflects a payment necessary to developers (including NAVs and SLPs) to reflect the balance between charges paid by developers and those paid by other customers. For 2021/22 this is £686, reduced by 2.8% from £706 in 2020/21

Value of income offset to maintain balance of charges		£3,635,399
Number of properties		5,302
Per property (£)		£686
Infrastructure charge		273
Net payment per connection		-413

The net payment per connection is 8.1% lower than the £450 in 2020/21, due to the combination of the increase in infrastructure charges and reduction in the income offset. This reflects a lower number of projected properties, with similar developer services expenditure due to the location of major schemes, which overall results in a lower net payment.

We detail typical new developer bill change scenarios below. This demonstrates that charge changes are less than 10% excluding income offset, with the income offset percentage affected by the size of the net payment/receipt for the specific development. Where there are increases, this is often the opposite impact to 2019/20 and therefore is expected variation with income offset, whilst maintaining the balance of revenue as the charging rules require.



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Ofwat Example number	Summary Description	21/22		20/21		19/20		Movement from 20/21 to 21/22	
		Total	Total excluding income offset	Total	Total excluding income offset	Total	Total excluding income offset	Total	Total excluding income offset
1	Single Connection Only - Short Side	£965	£1,651	£830	£1,536	£1,555	£1,555	16.2%	7.4%
1	Single Connection Only - Long Side	£1,502	£2,188	£1,327	£2,033	£2,023	£2,023	13.2%	7.6%
2	New block of flats (10 units) – Connection only - short side	-£1,602	£5,258	-£1,955	£5,105	£5,766	£5,766	18.1%	3.0%
2	New block of flats (10 units) – Connection only - long side	-£1,344	£5,516	-£1,711	£5,349	£5,991	£5,991	21.4%	3.1%
3	Small house development (10 new connections) – Main and Services	£15,733	£22,593	£14,559	£21,619	£7,140	£13,375	8.1%	4.5%
4	Medium house development (50 new connections) – Mains and Services	£66,380	£100,680	£58,854	£94,154	£33,791	£54,139	12.8%	6.9%
5	Large house development (200 new connections) – Mains and Services	£235,942	£373,142	£206,901	£348,101	£130,879	£187,992	14.0%	7.2%
6	Self Laid Small Development (10 New Connections)	-£1,342	£5,518	-£1,657	£5,403	£6,061	£6,061	19.0%	2.1%
7	Self Laid Medium house development (50 new connections) – Mains and Services	-£16,723	£17,577	-£18,514	£16,786	£20,778	£20,778	9.7%	4.7%



Ofwat Example number	Summary Description	21/22		20/21		19/20		Movement from 20/21 to 21/22	
		Total	Total excluding income offset	Total	Total excluding income offset	Total	Total excluding income offset	Total	Total excluding income offset
8	Self Laid Large house development (200 new connections) – Mains and Services	-£75,642	£61,558	-£82,983	£58,217	£73,909	£73,909	-8.8%	5.7%

Commentary and Assumptions for Ofwat Scenarios

For each example we summarise the movement in connection charges, but also describe the contribution of infrastructure charges and income offset, which are a different nature of charges, but contribute to the total charge change in the scenarios. Further details of charges and scenarios are in the new connection charging arrangements publication.

Example 1 – Single Connection

- 25mm MDPE Standard Pipe
- Short Side is connection to existing main in type 3/4 road, 4 metres of service pipe and provision of boundary box with meter and stoptap.
- Long Side is connection to existing main on far side of road, 4 metres of service pipe in type 3/4 road, 4 metres in unmade ground and installation of boundary box with meter and stoptap.
- Uncontaminated Ground
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273
- Income Offset Payments £686



2021/22 Connection charges	Connection to existing main in road plus 1 metre of pipe	Type 3/4 Road (3 metres)	Unmade Ground (4 metres)	Permit Fee	Total
Short Side	£929.54	£403.24	£0	£45.00	£1,377.78
Long Side	£929.54	£403.24	£537.65	£45.00	£1,915.42

Summary	Connection charges	After Infrastructure charges / income offset
Total cost Short Side 2021/22	£1,377.78	£964.78
Total cost Short Side 2020/21	£1,280.37	£830.37
Change on 2020/21 - Short Side	7.6%	16.2%
Total cost Long Side 2021/22	£1,915.42	£1,502.42
Total cost Long Side 2020/21	£1,777.38	£1,327.38
Change on 2020/21 - Long Side	7.8%	13.2%

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of contract rates for connection charges and current material prices for 21/22.

Example 2 - New block of flats (10 units) – Connection only

- 63mm MDPE service pipe
- Short Side is connection to existing main in type 3/4 road, 4 metres of service pipe and provision of boundary box with meter and stoptap.
- Long Side is connection to existing main on far side of road, 4 metres of service pipe in type 3/4 road, 4 metres in unmade ground and installation of boundary box with meter and stoptap.
- Greenfield site so no infrastructure credits due.
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 10 = £2,730
- Income Offset Payments £686 x 10 = £6,860



2021/22 Connection Charges	Connection to existing main in road plus 1 metre of pipe	Type 3/4 Road	Unmade Ground	Permit Fee	Total
Short Side	£1,858.22	£624	£0	£45	£2,527.52
Long Side	£1,858.22	£624	£258.25	£45	£2,785.76

Summary	Connection charges	After Infrastructure charges / income offset
Total cost 2021/22 Short Side	£2,527.52	-£1,602.48
Total cost 2020/21 Short Side	£2,544.55	-£1,955.45
Change on 2020/21 Short Side	-0.7%	18.1%
Total cost 2021/22 Long Side	£2,785.76	-£1,344.24
Total cost 2020/21 Long Side	£2,788.71	-£1,711.29
Change on 2020/21 Long Side	-0.1%	21.4%

Charges decrease for this scenario because of reduced materials and contractor costs in connection charges. The small net reduction in net payment results in high percentages, demonstrating that the 10% significant change indication is not informative once income offset is included, in some scenarios.

Example 3 - Small house development (10 new connections) – Main and Services

- 20 metres of 63mm MDPE standard main in unmade surface
- 20 metres of 90mm HPPE standard main in unmade surface
- 10 metres of 90mm HPPE standard main in type 3/4 road
- 10 connections 3 metres unmade ground
- Greenfield site so no infrastructure credits due.
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 10 = £2730
- Income Offset Payments £686 x 10 = £6860



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

2021/22 Requisition charges	Design Admin Fee	Connection to Existing Main	Mains	Washout	Pressure Test	Permit Fee	Chlorination	Total	Notes
10 metres of 90mm HPPE main in type 3/4 road	£300	£1,858.22	£2,022	£322.57	£335.51	£45	£664.28	£5,548.02	Chlorination in one length
20 metres of 90mm HPPE main in unmade surface			£1,174.16					£1,174.16	
20 metres of 63mm MDPE main in unmade surface			£1,156.91					£1,156.91	
							Total =	£7,879.10	

21/22 Connection charges	Connection	Unmade	Footpath	Permit Fee	Total
Service Connections	£9,295.42	£2,688			£11,983.65

Summary	2021/22	2020/21	Change
Mains	£7,879.10	£7,633.40	3.2%
Services	£11,983.65	£11,425.10	4.9%
Infrastructure Charges	£2,730	£2,560.00	6.6%
Income Offset	-£6,860	-£7,060.00	-2.8%
Total	£15,732.75	£14,558.50	8.1%

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of contract rates in connection charges (mains and services) and current material prices for 21/22.

Excluding the impact of income offset payments the increase in charges is 5%.

Example 4 - Medium house development (50 new connections) – Mains and Services

- 10 metres of 180mm HPPE standard main in type 3/4 road
- 90 metres of 180mm HPPE standard main in unmade surface
- 100 metres of 125mm HPPE standard main in unmade surface
- 100 metres of 90mm HPPE standard main in unmade surface
- 50 connections 3 metres made ground
- Greenfield site so no infrastructure credits due



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 50 = £13650
- Income Offset Payments £686 x 50 = £34300

2021/22 requisition charges	Design Admin Fee	Connection to Existing Main	Mains	Washout	Pressure Test	Chlorination	Total	Notes
10 metres of 180mm HPPE main	£600	£2,043.61	£2,672				£5,315.63	Type 3/4
90 metres of 180mm HPPE main			£7,624				£7,623.92	Unmade surface
100 metres of 125mm HPPE main			£6,978.96				£6,978.96	Unmade surface
100 metres of 90mm HPPE main			£5,870.81	£322.57	£335.51	£664.28	£7,193.16	Unmade surface
						Total =	£27,111.67	

2021/22 connection charges	Connection	Unmade	Footpath	Permit Fee	Total
Service Connections	£46,477.08	£13,441			£59,918.27

Summary	2021/22	2020/21	Change
Mains	£27,111.67	£25,809.10	5.0%
Services	£59,918.27	£55,544.50	7.9%
Infrastructure Charges	£13,650.00	£12,800.00	6.6%
Income Offset	-£34,300.00	-£35,300.00	-2.8%
Total	£66,379.94	£58,853.60	12.8%

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of Contract rates in connection charges (mains and services) and current material prices for 2021/22.

Excluding the impact of income offset payments the increase in charges is 7%

Example 5 - Large house development (200 new connections) – Mains and Services

- 10 metres of 180mm HPPE standard main in type 3/4 road
- 290 metres of 180mm HPPE standard main in unmade surface
- 300 metres of 125mm HPPE standard main in unmade surface



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

- 400 metres of 90mm HPPE standard main in unmade surface
- 200 new connections 3 metres made ground
- Greenfield site so no infrastructure credits due.
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 200 = £54600
- Income Offset Payments £686 x 200 = £137200

2021/22 requisition charges	Design Admin Fee	Connection to Existing Main	Mains	Washout	Pressure Test	Chlorination	Total	Notes
10 metres of 180mm HPPE main	£1,200	£2,043.61	£2,672				£5,915.63	Type 3/4
290 metres of 180mm HPPE main			£24,565.96	£322.57	£335.51	£664.28	£25,888.31	Unmade surface
300 metres of 125mm HPPE main			£20,936.87	£322.57	£335.51	£664.28	£22,259.22	Unmade surface
400 metres of 90mm HPPE main			£23,483.24	£322.57	£335.51	£664.28	£24,805.60	Unmade surface
						Total	£78,868.76	

2021/22 connection charges	Connection	Unmade	Footpath	Permit Fee	Total
Service Connections	£185,908.32	£53,765			£239,673.07

Summary	2021/22	2020/21	Change
Mains	£78,868.76	£74,722.82	5.5%
Services	£239,673.07	£222,178.00	7.9%
Infrastructure Charges	£54,600.00	£51,200.00	6.6%
Income Offset	-£137,200.00	-£141,200.00	-2.8%
Total	£235,941.83	£206,900.82	14.0%

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of contract rates in connection charges (mains and services) and current material prices for 2021/22.



Excluding the impact of income offset payments the increase in charges is 7%

Example 6 - Self Laid Small Development (10 New Connections)

- 20 metres of 63mm MDPE standard main in unmade surface
- 20 metres of 90mm HPPE standard main in unmade surface
- 10 metres of 90mm HPPE standard main in type 3/4 road
- 10 connections 3 metres unmade ground
- Greenfield site so no infrastructure credits due.
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 10 = £2730
- Income Offset Payments £686 x 10 = £6860

	Design Admin Fee	Connection to Existing Main	Design Fee	Non Physical Connection Fee	Infrastructure Charges	Permit Fee	Income Offset	Total
21/22	£300	£1,858.22	£415	£169.91	£2,730.00	£45	−£6,860.00	−£1,341.87
20/21	£300	£1,913.21	£415	£169.91	£2,560.00	£45	−£7,060.00	−£1,656.88

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of Contract rates and current material prices for 21/22.

Excluding the impact of income offset payments the increase in charges is 2%.

Example Seven – Self Laid Medium house development (50 new connections) – Mains and Services

- 10 metres of 180mm HPPE standard main in type 3/4 road
- 90 metres of 180mm HPPE standard main in unmade surface
- 100 metres of 125mm HPPE standard main in unmade surface
- 100 metres of 90mm HPPE standard main in unmade surface
- 50 connections 3 metres made ground
- Greenfield site so no infrastructure credits due
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 50 = £13650
- Income Offset Payments £686 x 50 = £34300



	Design Admin Fee	Connection to Existing Main	Design Fee	Non Physical Connection Fee	Infrastructure Charges	Permit Fee	Income Offset	Total
21/22	£600	£2,043.61	£415	£823.36	£13,650.00	£45	- £34,300.00	- £16,723.03
20/21	£600	£2,102.73	£415	£823.36	£12,800.00	£45	- £35,300.00	- £18,513.91

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of contract rates in connecting to the main and current material prices for 21/22.

Excluding the impact of income offset payments the increase in charges is 5%.

Example Eight – Self Laid Large house development (200 new connections) – Mains and Services

- 10 metres of 180mm HPPE standard main in type 3/4 road
- 290 metres of 180mm HPPE standard main in unmade surface
- 300 metres of 125mm HPPE standard main in unmade surface
- 400 metres of 90mm HPPE standard main in unmade surface
- 200 new connections 3 metres made ground
- Greenfield site so no infrastructure credits due.
- Permit Fee (Highways Authority charge) applies to works undertaken in Highway.
- Infrastructure Charges £273 x 200 = £54600
- Income Offset Payments £686 x 200 = £137200

	Design Admin Fee	Connection to Existing Main	Design Fee	Non Physical Connection Fee	Infrastructure Charges	Permit Fee	Income Offset	Total
21/22	£1,200	£2,043.61	£415	£3,254.41	£54,600.00	£45	- £137,200.00	- £75,641.98
20/21	£1,200	£2,102.73	£415	£3,254.41	£51,200.00	£45	- £141,200.00	- £82,982.86

The increase in charges for this scenario is due to several factors including a 6.6% rise in Infrastructure charges, annual adjustment of Contract rates for mains connections and current material prices for 21/22.



Excluding the impact of income offset payments the increase in charges is 6%.

Examples of individual charging rate changes

Description	Diameter (mm)	No/Minimal Excavation (£/metre)	Verge/Unmade Ground/Field (£/metre)	Unmade/Devel opment Site (£/metre)	Footway (Rigid) (£/metre)	Road (Type 3/4) Rigid (£/metre)
PE Pipe Standard	63	£19.17	£60.08	£57.85	£150.53	£201.38
PE pipe Barrier	63	£25.88	£66.79	£64.56	£157.25	£208.10
PE Pipe Standard	90	£20.03	£60.94	£58.71	£151.39	£202.25
PE pipe Barrier	90	£22.43	£63.34	£61.11	£153.80	£209.25
PE pipe Standard	125	£24.46	£72.14	£69.79	£170.68	£226.79
PE pipe Barrier	125	£28.95	£76.63	£74.27	£175.16	£231.28
PE pipe Standard	180	£33.64	£87.30	£84.71	£204.07	£267.20
PE pipe Barrier	180	£42.08	£95.74	£93.15	£212.51	£275.64
PE pipe Standard	250	£51.21	£124.75	£121.87	£274.80	£345.66
PE pipe Barrier	250	£63.22	£136.75	£133.88	£286.80	£357.66

The percentage changes in these rates from 20/21 is shown below. These changes are due to lower material costs, and higher reinstatement costs and contract rates plus overhead changes, based on experience of the first year of the new contracting arrangements.

Connections to existing mains

Description	Diameter (mm)	No/Minimal Excavation (each connection)	Verge/Unmade Ground/Field (each connection)	Footway (Rigid) (each)	Road (Type 3/4) (each connection)
Connection	63/90		£578.72	£929.13	£1,543.99
Connection	125		£598.14	£949.18	£1,593.19
Connection	180		£687.38	£1,039.44	£1,716.45
Connection	250		£876.39	£1,700.78	£2,587.52



BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Description	Diameter (mm)	No/Minimal Excavation (£/metre)	Verge/Un made Ground/Fi eld (£/metre)	Unmad e/Devel opment Site (£/metr e) (£/metr e)	Footway (Rigid) (£/metre)	Road (Type 3/4) Rigid (£/metre)	Average
PE Pipe Standard	63	5.9%	6.5%	6.5%	6.7%	6.7%	6.4%
PE pipe Barrier	63	4.3%	5.8%	5.8%	6.4%	6.5%	5.7%
PE Pipe Standard	90	5.6%	6.4%	6.4%	6.6%	6.7%	6.3%
PE pipe Barrier	90	26.5%	13.8%	14.1%	9.7%	9.0%	14.6%
PE pipe Standard	125	4.9%	6.1%	6.1%	6.5%	27.1%	10.2%
PE pipe Barrier	125	4.1%	5.8%	5.7%	6.3%	6.5%	5.7%
PE pipe Standard	180	4.1%	5.7%	5.7%	6.3%	6.4%	5.7%
PE pipe Barrier	180	3.2%	5.2%	5.2%	6.1%	6.2%	5.2%
PE pipe Standard	250	3.5%	5.4%	5.4%	6.2%	6.3%	5.4%
PE pipe Barrier	250	2.9%	4.9%	4.9%	5.9%	6.1%	4.9%

Connections to existing mains under pressure

Description	Diameter (mm)	No/Minimal Excavation (each connection)	Verge/Unmade Ground/Field (each connection)	Footway (Rigid) (each)	Road (Type 3/4) (each connection)
Connection	63/90		£578.72	£929.13	£1,543.99
Connection	125		£598.14	£949.18	£1,593.19
Connection	180		£687.38	£1,039.44	£1,716.45
Connection	250		£876.39	£1,700.78	£2,587.52
					£3,013.81



Description	Diameter (mm)	No/Minimal Excavation	Verge/Unmade Ground/Field	Footway	Road
		(each connection)	(each connection)	(Rigid) (each)	(Type 3/4) (each)
Connection	63/90	-2.7%	-2.8%	-2.9%	-2.9%
Connection	125	-2.6%	-2.7%	-2.8%	-2.9%
Connection	180	-2.5%	-2.7%	-2.8%	-2.8%
Connection	250	-2.2%	-2.6%	-2.7%	-2.8%

In this case, increases in contract rates by 1% are more than offset by reductions in contract management and overheads (as a fixed element is being recovered over lower direct cost activities).

Tapping only cost

Costs:	£	Change to 19-20	Change to 20-21
Basic cost	£140.55	-47.9%	20.6%
Each additional service in same trench (Maximum 6)	£101.26	-50.6%	-2.6%
Additional Charge if wall mounted box not readily accessible	£32.37	-17.0%	0.0%

The new contract rates saw a significant reduction in 2019/20, but based on market feedback and changes in activity this reverses in 2020/21, based on recovery of a fixed element of overheads rather than on the previous percentage basis.



4. Bill Impacts and Handling Strategies

As this supporting information sets out, no customer will receive a bill increase greater than 5% between 2020/21 and 2021/22, although a number of uncertain elements may impact final 21/22 charges. Wholesale bill increases for measured non-household customers are less than 2%. Whilst unmeasured bill increases are higher, these represent a small proportion of non-household customers and no retailer serves only unmeasured customers.

Household bill increases are currently forecast at between 2.1% to 3.9% for measured customers, and between 3.9% and 4.7% for unmeasured customers. This reflects a number of factors, including:

- the finalisation of PR19 blind year allowances for our performance against our commitments, in particular improvement in our leakage performance mitigating the penalty we had incurred
- Covid-19 impacts on non-household demand, increasing the proportion of our revenue we must recover from household customers
- Growth in the number of customers on social tariffs, in part due to the economic impacts of Covid-19

We will work with stakeholders and customer representatives to explain these impacts and the support we can provide for customers affected. Many unmetered customers could experience a bill reduction through switching to a meter, and we will continue to promote that option through our bill design and pro-active messaging.

We do not expect any typical new connection charge scenarios to increase by more than 10% between 2020/21 and 2021/22. Where there are increases greater than 10% because of changes in infrastructure charges and income offset, the bills are still lower than in 2019/20, and the change reflects a reduction in numbers of forecast properties. Infrastructure charges increase by 2.8%. Infrastructure payments for income offset are forecast to fall by 6.5%, as lower connections require a reduction to balance charges to other customers. These are smaller changes than we consulted on in October 2020, and handling strategies after consulting with developers and SLPs include providing greater certainty by allowing the option to fix the infrastructure charge and income offset to be fixed at the time of the requisition agreement

In addition, the changes in charges are balanced between customer groups, and all customer groups benefit within a normal range of annual charge variation from the



level of allowed revenue implied by Ofwat's PR19 final determination. Therefore, no specific impact analysis or handling strategies are required beyond the normal approaches to communicating bill changes to customers.

Summary Log of Engagement with CCW, Customers and Stakeholders

The table below provides a summary of the engagement we have had with our customers and stakeholders in the development of our household customer charges, wholesale charges to licensed retailers supplying eligible business customer premises and new connection charging arrangements to developers for 2021/22. Covid-19 has impacted our ability to engage with these groups in person as we would normally prefer, but we held virtual meetings and engagement sessions instead. We consulted on indicative wholesale and new connection charges, and we produced indicative charging documents alongside the charges and assurance to aid the consultation process.

Date	Relevant Charges	Activity	Discussion	Considerations and Actions
25/11/20	Wholesale Charges	Retailer engagement briefing	Briefing on 21/22 indicative charges and key assumptions, including covid-19 impacts.	Request for views on covid-19 assumptions [no specific responses received other than general acceptance]
26/11/20	Household	Quarterly liaison meeting with CCW	Provision of our indicative charges for 2021/22 to CCW	Charges were presented and discussed no concerns raised.
16/12/20	Household	Provisional final charges to CCW	We provided CCW with early sight of our provisional final charges for 21/22, explaining that changed assumptions on Covid impacts reduced the expected level of household bill increases	Agreed to provide further update on 22 nd Dec, alongside submission to Ofwat.

BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Date	Relevant Charges	Activity	Discussion	Considerations and Actions
20/11/20	New Connection Charges	Developer newsletter sent to developers	Highlighted consultation on new connection charges, requested responses	One response received from a developer representative, setting out concerns with level of net infrastructure payment reduction and additional comments on some specific charges and the presentation in our new connections charges scheme. We have addressed these in our final new connection charges by reviewing our forecast of new properties based on the development of COVID, which resolved much of the comments. We also simplified some terminology based on the feedback. We also received a response from an SLP. We responded to both consultation comments that we had reviewed and fully considered the overheads applied to “tapping in” connections to further improve cost reflectivity.
23/11/20	NAV Charges	Developer newsletter sent to NAVs	Highlighted consultation on new connection charges, including revised approach to NAV tariffs.	No response received, but none expected as there are few changes to the NAV tariffs overall following our review of the cost component calculations.
23/9/20	Household	Meeting with Bristol Water Challenge Panel ⁴ (attended by CCWater)	Indicative 2021/22 charges presented	Charges were presented, with the proviso that these may be subject to change as a result of the CMA Final Determination. No concerns were raised by the Challenge Panel. The panel requested that bill impacts were analysed against our customer segments, which we provided
2/12/20	Household	Meeting with Bristol Water Challenge Panel (attended by CCWater)	Charges update	We updated on the process, including latest situation regarding application of the CMA determination,

⁴ A group of local stakeholders representing a range of interests in our area

BRISTOL WATER CHARGES ASSURANCE STATEMENT 2021/22

Date	Relevant Charges	Activity	Discussion	Considerations and Actions
Ongoing	Wholesale	Retailer account meetings (18 Retailers)	We hold account meetings at least quarterly with all retailers, these have largely been by MS Teams in 2020. We also correspond daily with retailers where they are impacted by planned or unplanned works.	Feedback continues to be positive. The simplicity and transparency of our charging structure is of particular note. There were no specific concerns with 2021/22 charges .