

# Schedule of NAV Charges

1 April 2024 to 31 March 2025



It's what we're made of.

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## 1 Introduction

### 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.

#### Charging Arrangements for New Connections

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

#### NAV Charges Schedule

Our bulk wholesale charges to New Appointments and Variations (NAVs).

#### Statement of Assurance

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

On the 1 February 2023 Ofwat terminated the Licence of Bristol Water and varied the Licence of South West Water to cover the area served by Bristol Water, following the acquisition of Bristol Water plc by Penmon. The revised Licence of South West Water provides for separate price controls (and therefore charges) for the Bristol Water area.

## 2 Bulk Supply Charges for New Appointment and Variations (NAVs)

- 2.1 In 2019/20 we developed a tariff that will provide New Appointment and Variations (NAV) Licence holders with a method through which to calculate the wholesale bulk supply charges that are due to them. Our NAV tariff applies to new NAV sites after 1 April 2019, but is also an option for existing NAV sites to agree to transition to at their option. This tariff has been updated for 2024/25 in line with our wholesale charges.
- 2.2 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.
- 2.3 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.
- 2.4 Standing Charges: We no longer apply a standing charge to households or non-households on NAV sites. This forms part of the overall discount, with the remainder applying to the volumetric rates.
  - We apply discounts in relation to:
    - the ongoing costs we avoid at NAV sites:
      - costs of taking and analysing water quality samples
      - costs of detecting and solving on-site leakages
      - 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 onsite operations, flushing and leakage etc.
- 2.5 The structure for the NAV tariff, compared to the standard wholesale tariff for each customer type, and the discounts applied, can be seen in the table below. This is the total amount, which is reflected in the household measured and lowest band non-household measured NAV tariffs, adjusted to reflect the element of operating cost reflected in wholesale standing charge discounts (as

no standing charges are applied to NAVs). This shows the individual cost components:

Cost element	£	£/m3
Water quality sampling	£2.90 per property	0.0282
Water regulations compliance	£0.69 per property	0.0067
Water operations cost – flushing and network management	£8.67 per property	0.0844
Leakage management	£4.07 per property	0.0396
<b>Total operating cost</b>		<b>0.1590</b>
Annuity for Communication pipes and stoptaps		0.0050
Annuity for Meter and meter chamber		0.0102
Annuity for Water mains replacement and renewal		0.0614
Annuity for periodic Mains cleaning		0.0087
<b>Total depreciation</b>		<b>0.0853</b>
Leakage allowance	Based on 14% loss rate, with 40% on customer supply pipes	0.0890
Operating margin	32% on operating costs	0.0528

- 2.6 The actual bulk supply charge tariff for the NAV will be calculated using a formula, based on the number of properties on the NAV site in each customer category. An assumed volume of use would be calculated based on the property type on the NAV site in order to apply the formula. The NAV will provide consumption information for each non-household property, with the remaining volume applied at the household rate. This will be based on the total volume recorded at the bulk meter, as an allowance for leakage are included in the cost of wholesale charges being discounted.
- 2.7 If the NAV does not wish to provide access to non-household property consumption data, then the property would be billed at the household tariff rate. However, this information should be available through the non-household central market system as the end customer has a choice of retail supplier (they may choose a different retailer from the NAV).
- 2.8 Where a NAV site has characteristics that are different from our standard calculation, we will consider whether an alternative calculation, based on our

standard approach, provides a better calculation of bulk supply charges based on our formula set out in the table below.

Tariff Band	Customer consumption (m3 p.a.)	Standard rate wholesale tariff £ per m3	On going costs - discount £/m3	Depreciation - discount £/m3	Operating margin and leakage	Variable NAV Tariff £/m3 2024/25
A	<500000	1.1552	0.0000	-0.0134	-0.0617	1.0801
B	<250000	1.2281	0.0000	-0.0653	-0.0687	1.0940
C	<100000	1.2979	-0.0060	-0.0653	-0.1217	1.1048
D	<50000	1.3665	-0.0205	-0.0753	-0.1417	1.1289
E	<15000	1.5421	-0.1703	-0.0853	-0.1417	1.1448
F	<5000	1.5643	-0.1713	-0.0853	-0.1417	1.1660
G	<1000	1.5847	-0.1138	-0.0853	-0.1417	1.2439
Household	any	1.5887	-0.0386	-0.0853	-0.1417	1.3231

- 2.9 The table below shows the assumed volume for the weighted average tariff and the weighted average formula. Where the NAV provides alternative volume assumptions for the purposes of weighting then alternative assumptions will be agreed and set out in the bulk charges agreement.

Tariff Band (number of customers)	Assume volume for weighted average tariff formula (m3 p.a.) (x)	Variable NAV Tariff £/m3 2024/25 (y)
A	500000	1.0801
B	200000	1.0940
C	100000	1.1048
D	50000	1.1289
E	12500	1.1448
F	5000	1.1660
G	100	1.2439
Household (H)	100	1.3231

$$\text{Weighted Average tariff} = \frac{\{(A.Ax.Ay) + (B.Bx.By) + (C.Cx.Cy) + (D.Dx.Dy) + (E.Ex.Ey) + (F.Fx.Fy) + (G.Gx.Gy) + (H.Hx.Hy)\}}{\{(A.Ax) + (B.Bx) + (C.Cx) + (D.Dx) + (E.Ex) + (F.Fx) + (G.Gx) + (H.Hx)\}}$$

As an example, if there is a NAV site with 1 F, 10 G, and 89 H customers then the Weighted Average Tariff would be:

Tariff Band	No. properties (a)	Assumed Volume per property m3 (b)	Assumed Total Volume m3 (c = a x b)	Volumetric tariff £/m3 (d)	Cost £ (e = c x d)
F	1	5000	5000	1.1660	5,830.00
G	10	100	1000	1.2439	1,243.90
H	89	100	8900	1.3231	11,775.59
Total	100		14900		18,849.49
Weighted average Total (e) / Total (c)				1.2651	

### 3 Contact Details

#### **Bristol Water Wholesale Services (For Retailer enquiries and service requests):**

Address: Bridgwater Road, Bristol, BS13 7AT  
Tel: 0345 604 1495 (Retailer line only)  
Website: [www.bristolwater.co.uk/your-business/wholesale-information/](http://www.bristolwater.co.uk/your-business/wholesale-information/)  
Email: [wholesale.desk@bristolwater.co.uk](mailto:wholesale.desk@bristolwater.co.uk)

#### **BWBSL (For billing enquiries for household customers):**

Address: 1, Clevedon Walk, Nailsea, Bristol BS48 1WA  
Tel: 0345 600 3600 (Monday – Friday, 8am to 6pm)  
Website: [www.bristolwater.co.uk/your-home/billing-and-payments/](http://www.bristolwater.co.uk/your-home/billing-and-payments/)  
Email: [customer.services@bwbsl.co.uk](mailto:customer.services@bwbsl.co.uk)

#### **Bristol Water (For operational enquires):**

Address: Bridgwater Road, Bristol, BS13 7AT  
Tel: 0345 702 3797 (Emergency Service only between 6pm and 8am)  
Website: [www.bristolwater.co.uk](http://www.bristolwater.co.uk)  
Email: [customer.services@bristolwater.co.uk](mailto:customer.services@bristolwater.co.uk)

#### **Consumer Council for Water:**

*This independent committee aims to protect customers' interests and investigate customer complaints free of charge.*

Address:  
Consumer Council for Water, 23 Stephenson Street, Birmingham, B2 4BH

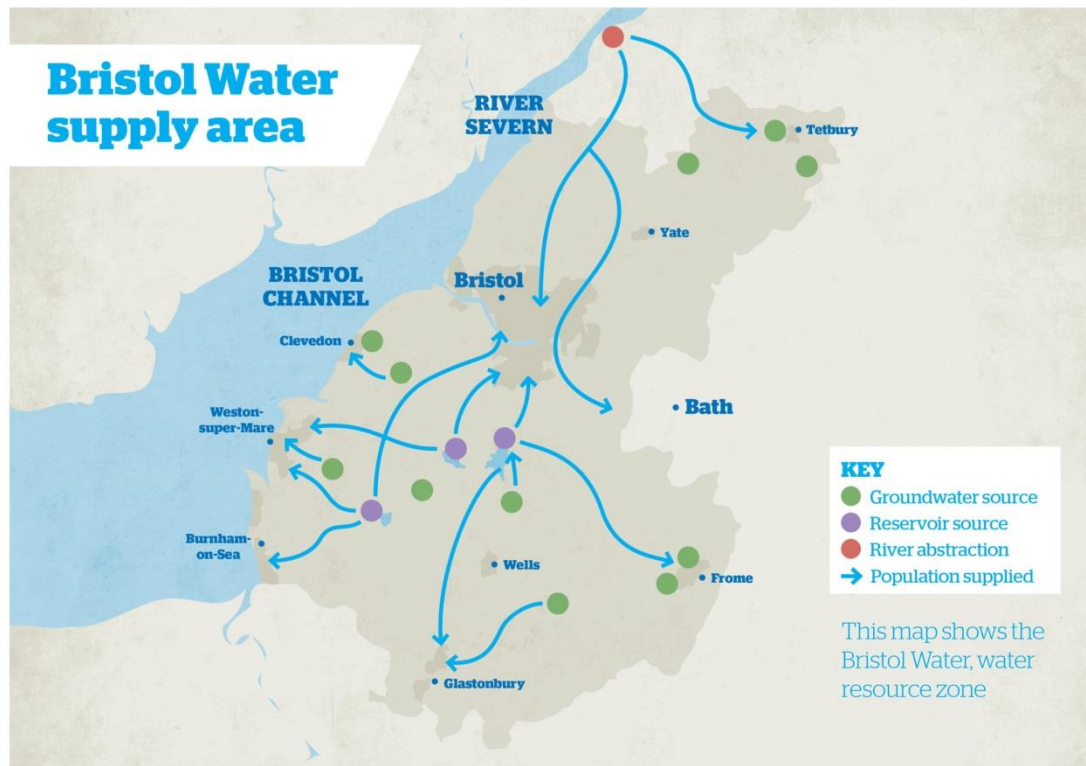
Tel: 0300 034 2222 (8.30-17.00 Mon-Fri)  
Email: [enquires@ccwater.org.uk](mailto:enquires@ccwater.org.uk)  
Website: [www.cewater.org.uk](http://www.cewater.org.uk)  
Email: [enquires@ccwater.org.uk](mailto:enquires@ccwater.org.uk)

#### **Water Services Regulation Authority (Ofwat)**

Address: Centre City Tower, 7 Hill Street, Birmingham, B5 4UA  
Tel: 0121 644 7500  
Email: [mailbox@ofwat.gov.uk](mailto:mailbox@ofwat.gov.uk)  
Website: [www.ofwat.gov.uk](http://www.ofwat.gov.uk)



## Appendix One – Bristol Water Area of Supply



## Appendix Two – Avoided costs questionnaire

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
	<b>Central Costs</b>							
C1	Finance/ HR / Legal and IT staff resource costs	No						Included in wholesale overheads so part of operating margin applied
C2	Regulatory Costs - Licence fees, regulatory reporting and compliance	No						
C3	NAV application and administration costs.	No						
C4	End customer billing and customer service costs	Yes	Property	Low	Retail	Household	No	As wholesale minus, no adjustment for NAV tariffs is required
C5	Management costs	No						Not a specific cost category - included in wholesale overheads
C6	External consultancy	No						Not a specific cost category - included in wholesale overheads
C7	IT systems and development	No						Part of wholesale costs for our hybrid approach (e.g. leakage systems)

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
C8	Travel and subsistence	Yes						Part of wholesale costs for our hybrid approach (e.g. leakage staff)
C9	Vehicle fleet costs	Yes						Part of wholesale costs for our hybrid approach (e.g. water sampling costs)
C10	Plant, tools and equipment	Not Sure						This depends on whether it relates to work conducted by a NAV
C11	Health and Safety	No						Included in wholesale overheads so part of operating margin applied
C12	Insurance	No						Included in wholesale overheads so part of operating margin applied
C13	Employer pension	Not Sure						This depends on whether it relates to work conducted by a NAV
C14	Employer NI	Not Sure						This depends on whether it relates to work conducted by a NAV

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
C15	Premises and utilities	No						Included in wholesale overheads so part of operating margin applied
C16	Telecommunication costs	No						Included in wholesale overheads so part of operating margin applied
C17	Business Rates	No						Water cumulo rates not reduced as a result of NAV activity
C18	Recruitment	No						
C19	Training and Development	No						
C20	Bank charges incl. those relating to customer income collection	No						Retail cost, so not part of wholesale charge so no NAV adjustment required
C21	Customer bad debt and debt recovery costs.	Yes	Property	Low	Retail	Household	No	Retail cost, so not part of wholesale charge so no NAV adjustment required
C22	Revenue protection and voids management. (monthly bulk charges necessitate more resource than the incumbents deploy)	Yes	Property	Low	Retail	Household	No	Retail cost, so not part of wholesale charge so no NAV adjustment required
C23	External audit / accountancy costs	No						
C24	Asset Financing Costs	Yes						Included within operating margin for on site assets

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
C25	Working Capital	Yes						Included within operating margin for on site assets
C26	Incumbent Working Capital i.e. the element relating to bulk charges being payable before the incumbent and NAV would otherwise bill or receive any customer income. (Monthly incumbent bulk billing v bi-annual domestic billing)	No						Meters are read throughout the year and most customers are on direct debit plans, so no cash flow difference. Included in operating margin allowance
C27	Marketing, Branding and Customer Relations	No						Retail cost
C28	Billing systems costs	No						Retail cost
C29	Billing and other postage / stationery costs	Yes	Property	Low	Retail	Household	No	Retail cost
C30	Cost of Debt	No						For on site assets included in operating margin
<b>Water Direct Costs</b>								
WD1	Routine and adhoc water quality sampling. Regulatory monitoring at every site irrespective of size	Yes	Property	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
WD2	DWI - Drinking Water Safety Planning (Water Supply (Water Quality) Regulations 2016 - Regs 27 & 28), Monthly water quality reporting, submission of annual data returns.	Yes	Other	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs
WD3	Monitoring and auditing of Laboratory performance - Water Supply (Water Quality) Regulations 2016 - Regulation 16	Yes	Property	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs
WD4	Water Fittings inspections - enforcement of Water Supply (Water Fittings) Regulations 1999	Yes	Property	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs
WD5	Supplementary water quality monitoring eg Response to customer contacts,	Yes	Property	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs
WD6	Additional flushing/sampling due to poor performance and/or condition of assets owned and maintained by the upstream incumbent	Yes	Length of Main	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - water sampling costs
WD7	Local Authority and Public Health England Liaison and updates.	Yes	Other	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
								publication - water sampling costs
WD8	Planned Maintenance - eg flushing activities	Yes	Length of Main	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - flushing costs
WD9	Unplanned Maintenance	Yes	Length of Main	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - distribution network costs
WD10	Emergency Response	Yes	Length of Main	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - distribution network costs
WD11	Meter maintenance / replacement	Yes	Property	Med	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - annuity depreciation allowance
WD12	Meter accuracy testing costs	No						Paid for by customers
WD13	Meter reading	Yes	Property	Med	Retail	Household	No	Retail cost - bulk meter reading cost not charged to NAV for the purposes of bulk supply billing
WD14	Battery replacement	No						N/A

Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
WD15	Arrangements for sharing meter data	Yes	Property	Med	Retail	Both	No	N/A
WD16	Standby arrangements	Yes	Property	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - distribution network costs
WD17	Incumbent bulk metering costs	No						N/A
WD18	Financial penalties for GSS failure - Also GSS payments made to customers as a consequence of upstream incumbent failure.	Yes	Property	Low	Retail	Both	No	No cost identified to be avoided in this category that impacts NAV sites
WD19	Network losses / unaccounted for water at a direct wholesale cost. (Doubt that the incumbents pay the same £/m3 cost for losses on their network)	Yes	Demand / Volume	Low	Wholesale	Both	No	Specific allowance made in NAV charge set out in bulk supply publication
WD20	Activities to monitor and control leakage/unaccounted for water ie monitoring of network to minimise unaccounted for water. Installation of loggers and other remote sensors to enable 'smart' water network.	Yes	Demand / Volume	Low	Wholesale	Both	No	Set out specifically in NAV bulk supply publication - leakage costs
WD21	Wholesale cost for 'free' water provided under social tariffs	No	Property	Low	Retail	Household	No	Retail - and water is not provided for free under social tariffs



Ref no	Example NAV Costs	Do you agree if this is an avoided cost?	Suggested Cost Allocation Driver	Estimated Materiality	Where Is This Cost Allocated - Wholesale / Retail / Both	Does This Cost Apply To HH or NHH or Both?	Does The Developer Pay This Cost?	Comments
WD22	Offsite network maintenance / repair (No income if NAV tariff assumes connection at boundary)	No						N/A
WD23	Water resource planning and drought plans	No						Regional water resource planning and company planning includes bulk supplies