



Developer Services **Board Assurance Statement**

2022/23

**Document revision history**

Version	Changes made	Date
1	Statement of Board Assurance for 2022/23 Charging Arrangements related to new development activities	31 January 2022



Contents

1.	Statement of Board Assurance.....	2
2.	SES Water compliance with Ofwat’s Charging Rules for New Connection Services.....	4

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1. Statement of Board Assurance

Ofwat, the economic regulator for the water sector, requires the Company's Board of Directors to make a statement regarding assurance of the information in the Charging Arrangements document. This assurance statement is copied below.

Statement of Assurance on Charging Arrangements for 2022/23.

We confirm that the Company's Developer Services charging arrangements for 2022/23 has been reviewed and approved under the governance arrangements approved by the Board.

The Board certifies that:

1. The Company considers that it has complied with its obligations relating to Ofwat's charging rules for new connection services (English Undertakers) updated in October 2021.
2. The Company has appropriate systems and processes in place to make sure that the information contained in the charging arrangements is accurate.
3. The Company has ensured that the balance of charges between developers and other customers will be broadly maintained when the charging arrangements come in to effect.
4. The Company has assessed the effects of the new charging arrangements on customer bills for a range of different type of development and has an appropriate handling strategy, where bill increases for particular developer types exceed 10%, as detailed in our Statement of Significant Changes (Appendix D of our Developer Services charging arrangements) published on our website.

In making this statement of assurance the Board has relied on:

1. The Company's well-established risk management, monitoring and control systems and processes described in the Company's Strategic Report which can be found from pages 58 of the Company's 2021 Annual Report, available on the Company's website.
2. The evidence presented by the Company to demonstrate that the approach to calculating connection and requisition charges has changed in line with the latest Ofwat charging rules and that they are set in a manner to recover the costs incurred and in an evidence based approach broadly maintain the balance of charges between developers and other customers.
3. The evidence presented by the Company that the approach to setting the infrastructure charge ensures that the charge paid moves annually in line with the costs incurred by the Company in maintaining its level of services for all customers.
4. The report from the provider of independent assurance of charges for 2022/23 which highlighted no issues or concerns with the procedures followed and the resulting charges contained in the Developer Services Charging Arrangements.



Signed on behalf of the Board of Directors on 31 January 2022.

A handwritten signature in dark ink, appearing to read 'Paul Kerr', written in a cursive style.

Paul Kerr
(Group Chief Financial Officer)

A handwritten signature in dark ink, appearing to read 'Murray Legg', written in a cursive style.

Murray Legg
(Senior Independent Non-Executive Director and Chair of the Audit Committee)



2. SES Water compliance with Ofwat's Charging Rules for New Connection Services

The below table states the reasons why SES Water considers that it has complied with its obligations relating to Ofwat's [charging rules](#) for new connection services (English Undertakers) effective from April 2022 and Ofwat's information notice 21/04 (Expectations, assurance and information requirements for water company charges for 2022-23)

Rule No.	Rule	Compliance
1 - 4	Introduction	N/A
5 - 6	Interpretation	N/A
7	<p>Consultation - Undertakers must determine what types of charges covered by these rules may or may not be imposed, and the amount of such charges, in accordance with the principle that changes to charges covered by these rules should only be made after proportionate, timely and effective consultation with groups of persons likely to be significantly affected by the proposed Charging Arrangements (or their representatives) and any other persons the undertakers consider it appropriate to consult.</p>	<p>Compliant.</p> <p>We conducted a consultation on our proposed approach to updating our charges for 2022/23.</p> <p>The consultation was publicised for three weeks and hosted on our website and we engaged with a market research agency to assist with contacting our customers and stakeholders.</p> <p>Based on feedback received and subsequent conversations with customers and stakeholders we have adapted our proposals for 2022/23. For example we have amended our design fees for instances of a converted application (i.e. originally a mains application which subsequently you decide to progress under the self-lay option), no Design Checking fee will be charged, unless there was a change in the design.</p> <p>Wider consultation and 'action group' sessions on our charging regime and customer experience are being scheduled for 2022/23.</p>
8 - 16	Publication and Transparency	



8	Relevant undertakers must publish charges developed under these rules in a single document (the Charging Arrangements). The Charging Arrangements must be published on the undertaker's website and in any other manner the undertaker considers appropriate for the purpose of bringing the Charging Arrangements to the attention of persons likely to be affected by it.	<p>Compliant.</p> <p>Our charges have been published in our Charging Arrangements 2022/23 document. This document has been published on our website.</p>
9	The maximum amount of any charge that may be imposed by an undertaker under the provisions of the Water Industry Act 1991 covered by these rules shall be the amount set out in, or calculated in accordance with, the Charging Arrangements published by that undertaker. For the avoidance of doubt, the charges and charging methodologies set out in the Charging Arrangements must therefore include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that the undertaker is entitled to recover, unless there is a different legal basis for the recovery of such costs.	<p>Compliant.</p> <p>Our charges been published in our Charging Arrangements 2022/23 document represent the maximum charge for the specified activities. These include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that we are entitled to recover.</p>
10	The Charging Arrangements must be published no later than 1 February in the year immediately preceding the Charging Year in relation to which they have effect	<p>Compliant.</p> <p>Charging Arrangements document was published on 31 January 2022</p>
11	The Charging Arrangements must explain how each charge has been calculated or derived, including through the use of worked examples. As a minimum, undertakers must publish worked examples showing the scenarios set out in the worked examples published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules". Where an undertaker determines the applicable charges other than by Fixed Charges, the methodology for the calculation of such charges must be explained clearly in the Charging Arrangements.	<p>Compliant.</p> <p>Following stakeholder feedback on our previous years' documentation, we have improved the detail in our Charging Arrangements document of how the charges have been derived. The methodology for determining charges that are not fixed are clearly explained and worked examples are included in the Charging Arrangements document.</p>
12	The Charging Arrangements are to be written and presented in a clear and accessible	<p>Compliant.</p>



	manner, which takes due account of the varying levels of expertise of all Developer Customers or other customers who may rely on the Charging Arrangements, and using, where appropriate, the terms as defined at Rule 5 and those set out in the list of common terms published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules".	Following stakeholder feedback on our previous years' documentation, we have improved our Charging Arrangements document to provide greater with appropriate levels of detail and explanation to reflect the knowledge and understanding of any Developer Services customer.
13	Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.	Compliant. Our Charging Arrangements document clearly details the services included within the charge.
14	Undertakers must publish the charges covered by these rules in such a way that a Developer Customer or other customer can confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.	Compliant. Our Charging Arrangements document including detailed worked examples, enable Developer Services customers to confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.
15	The Charging Arrangements must identify which charges are associated with Contestable Work and Non-contestable Work.	Compliant. Our Charging Arrangements document clearly defines contestable and non-contestable activities and associated charges.
16	Undertakers must provide a reasonable choice of times and methods of payment of the charges and set these out in the Charging Arrangements.	Compliant. The payments options for the infrastructure charge (and associated income offset) remain unchanged for 2022/23: A customer has two payment options for infrastructure charges: <ul style="list-style-type: none"> • A customer can pay for the infrastructure charge upfront, at the same time as paying for the rest of the quote. • A customer can pay for the infrastructure charge in arrears, upon completion of the works. Application and design fees are required up front of any service provision.



		The full cost of the quoted work for connections must be paid prior to works commencing onsite.
17	Small Companies	N/A – SES Water is not categorised as a Small Company by Ofwat
18	General Charging Principles - Relevant undertakers must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that charges covered by these rules should reflect:	
a	fairness and affordability	<p>Compliant.</p> <p>The broad balance of contribution is maintained, so that affordability is not unduly impacted. Our charges are mainly fixed and are clear up-front to our Developer Services customers. These further aids market competition as the contestable areas of work can be confidently used as a benchmark cost to enable customers to assess alongside alternative methods of service provision.</p>
b	environmental protection	<p>Compliant.</p> <p>Our Charging Arrangements again offer a tiered potential discount (15% or 30%) against the infrastructure charge for water efficient development approaches, which was positively received in our consultation</p>
c	stability and predictability	<p>Compliant.</p> <p>The charges published in our Charging Arrangements are fixed and are applicable to standard developments, providing for a high degree of predictability. Our published charges are predominantly based on contractor costs and rates and should therefore be stable throughout the contracted period.</p>
d	transparency and customer-focused service.	<p>Complaint.</p> <p>We have improved the detail in our Charging Arrangements document of how the charges have been derived. The transparency of the</p>



		methodology has increased. This enables for improved customer service in that charges are clear and transparent. This, aligned with planned wider improvement activities, should result in a significant improvement in our Developer Services customer experience during 2022/23.
e	costs of the relevant service	<p>Complaint.</p> <p>Our charges published in our Charging Arrangements 2022/23 document represent the costs of the relevant service. These include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that we are entitled to recover.</p>
19 - 22	Principles for Determining the Nature and Extent of All Charges Covered by these Rules	
19	<p>In setting charges in accordance with the present rules, undertakers should take reasonable steps to ensure that the balance between contributions to costs by Developers and other customers prior to 1 April 2018, is broadly maintained. Section 3 of Annex A to the Government's Charging Guidance to Ofwat published in January 2016 lists the charges under which Developers contribute costs relevant to this rule. For the avoidance of doubt, Income Offset also needs to be included. An undertaker may only depart from this general requirement where (and to the extent that) this is rendered necessary by circumstances providing clear objective justification for doing so. Any such justification must be clearly identified in any Charging Arrangements prepared pursuant to these rules.</p>	<p>Compliant.</p> <p>As our Charging Arrangements document states we have broadly maintained the current balance of contributions to costs between Developers and other customers. We have made provision for a discount on the Infrastructure Charge for each new property connected to the network in order to broadly maintain the balance of charges between developers and other customers. This discount is known as the Income Offset.</p> <p>The Income Offset rate has been derived by looking at the historical Income Offset offered in the three years prior to 1 April 2018 against mains requisition costs. Our simplified approach consists of using a fixed Income Offset rate, i.e., a percentage, to calculate the Income Offset per connection.</p> <p>This is done by:</p> <ul style="list-style-type: none"> • (a) Taking the sum of the forecast spend on mains requisition in the Charging Year; • (b) Multiplying (a) with the fixed Income Offset rate; and



		<ul style="list-style-type: none"> (c) Dividing (b) by the forecast of new connections for the Charging Year.
20	Consistent principles and approaches must be applied to the calculation of charges and when they are payable for different classes of customer. For the avoidance of doubt, this includes the calculation of charges and when they are payable for Non-contestable Work, whether or not a person other than the undertaker is carrying out Contestable Work.	<p>Compliant.</p> <p>Our charges have been built on the consistent principle and approach that they do not discriminate against any class of Developer Services customer.</p>
21	Charges and arrangements for when they are each payable must be set in accordance with the principle that they should promote effective competition for Contestable Work.	<p>Compliant.</p> <p>Our charges have been built on the consistent principle and approach that they promote effective competition for contestable work and Developer Services customers are aware of all options open to them.</p>
22	For the avoidance of doubt, in charges covered by these rules undertakers may recover reasonable administrative expenses and other overheads incurred in discharging any rights or obligations under the relevant provisions of the Water Industry Act 1991.	<p>Compliant.</p> <p>Our charges include appropriate administrative costs and overheads as allowed for under the provisions of the Water Industry Act 1991.</p>
23 - 30	Charges for the Requisition of Water Mains and Public Sewers	
23	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties imposed by section 41(1) (provision of requisitioned Water Main) and section 98(1) (provision of requisitioned public sewer) of the Water Industry Act 1991 (together, "Requisition Charges").	<p>Compliant.</p> <p>Our Charging Arrangements document details the charges as relevant.</p>
24	These charges are concerned with the cost to the undertaker of providing Site Specific infrastructure necessary for the	<p>Compliant.</p> <p>Our charges are directly relevant to site-specific items.</p>



	provision of a Water Main and/or Public Sewer.	
25	In relation to Requisition Charges, an undertaker:	
a	must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	<p>Compliant.</p> <p>The charges published in our Charging Arrangements are fixed and are applicable to standard developments, although there are some exceptions to this approach as permitted under these Charging Rules. Where exceptions may apply, full details, along with examples, are included in our Charging Arrangements. Items such as traffic management costs were consulted on.</p>
b	may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	<p>Compliant.</p> <p>The mechanism for calculating charges is clearly explained in our Charging Arrangements document.</p>
26	Requisition Charges must relate to the costs of providing the requisitioned Water Main and/or Public Sewer. Such charges may not include any amount for Network Reinforcement costs.	<p>Compliant.</p> <p>Network reinforcement required to facilitate a new connection will be funded via Infrastructure Charges, the requisition charges that have been developed relate to the provision of site-specific water mains only.</p>
27	Any Requisition Charges imposed by an undertaker:	
a	must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under sections 41(1) or 98(1) of the Water Industry Act 1991; and	<p>Compliant.</p> <p>Our Requisition charges only relate to site-specific work carried out under section 41(1) of the Water Industry Act 1991</p>
b	must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies or to enhance network flexibility, in capacity or	<p>Compliant.</p> <p>Our charges will not be used to address pre-existing deficiencies or to enhance network flexibility, in capacity or capability, unrelated to requirements associated with the requisition</p>



	capability, unrelated to requirements associated with the requisition	
28	Where an undertaker provides a Water Main or Public Sewer pursuant to a requisition and, in so doing, decides to increase the capacity of pipes or other infrastructure beyond that which is needed to meet the undertaker's duty under section 41(1) or section 98(1) of the Water Industry Act 1991, the costs of this work shall, if this increases the costs of the work, be apportioned so that the person making the requisition only pays costs which are in proportion to the particular capacity required by his or her requisition.	<p>Compliant.</p> <p>We will only charge our Developer Services customers requesting a requisition the charges that relate to the capacity required by the specific requisition.</p>
29	Undertakers shall not provide for Income Offsets in setting Requisition Charges.	<p>Compliant.</p> <p>2022/23 charging arrangements do not include Income Offsets in Requisition Charges.</p>
30	Not used	N/A
31 - 34	Charges for the Provision of Lateral Drains, the Connection of Water Mains and Communications with Public Sewers and for Ancillary Works	
31	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties (or rights) created by the following provisions of the Water Industry Act 1991: section 45(1) (connection with Water Main); section 46(1) (ancillary works for purposes of making a domestic connection); section 98(1A) (provision of lateral drains); section 101B (construction of lateral drains following construction of a public sewer) or section 107(1) (right of undertakers to make communication with	<p>Compliant.</p> <p>Our Charging Arrangements document, sets out our charges for relevant WIA provisions.</p>



	Public Sewer) (together, "Connection Charges").	
32	In relation to Connection Charges an undertaker:	
a	must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant There are fixed upfront charges for water connections.
b	may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant. The full cost of the quoted work for connections must be paid prior to works commencing onsite.
33	Any Connection Charges imposed by an undertaker must relate only to Site Specific Work carried out and costs incurred by the undertaker pursuant to sections 45(1), 46(1), 98(1A), 101B or 107(1) of the Water Industry Act 1991.	Compliant. Our Connection Charges only relate to sections 45(1), or 46(1) of the Water Industry Act 1991.
34	Undertakers shall not provide for Income Offsets in setting Connection Charges.	Compliant. We do not offer Income Offsets in relation to Connection Charges.
35 - 41	Charges and Asset Payments in respect of an Agreement under Section 51A or 104 of the Water Industry Act 1991	
35	Each undertaker shall set out in the applicable Charging Arrangements the charges to be imposed in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant. Our Charging Arrangements document details the charges to be imposed in respect of an agreement under section 51A the Water Industry Act 1991.
36	These charges are concerned with the cost of Site Specific Work necessary as part of the adoption or connection of a Water Main, Communication Pipe, Public Sewer and/or Lateral Drain. Such charges	Compliant. Any network reinforcement will be funded via Infrastructure Charges, the requisition charges that have been developed relate to the provision of site-specific water mains only.



	may not include any amount for Network Reinforcement costs.	
37	Any charges imposed by an undertaker in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991:	
a	must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under such an agreement; and	Compliant. The charges imposed only relate to site-specific works and the costs associated with the agreements.
b	must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement.	Compliant. Any work to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement, will be funded from other sources.
38	Insofar as section 51A agreements are concerned, water undertakers shall not provide for Asset Payments for the adoption of a Water Main.	Compliant. We do not offer Asset Payments for the adoption of a water main.
39	Insofar as section 104 agreements are concerned, sewerage undertakers shall not provide for Asset Payments for the adoption of a Sewer.	N/A
40	Not used	N/A
41	Undertakers shall not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain	Compliant. We do not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain.
42 - 44	Charges for Diversions of Pipes and other Apparatus under Section 185 of the Water Industry Act 1991	
42	Each undertaker must set out in its Charging Arrangements its method(s) for calculating the charges imposed by that undertaker pursuant to section 185(5) of	



	the Water Industry Act 1991 (“Diversion Charges”). In relation to Diversion Charges an undertaker:	
a	may provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant. Due to the complexities associated with any diversionary works fixed charges do not apply.
b	may also provide for other alternative methods of calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements	Compliant. Our Charging Arrangements document states the method that will be employed for the calculation of Diversion Charges.
43	Charges levied pursuant to section 185(5) must be calculated by reference to the principle that the undertaker is only entitled to recover costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.	Compliant. Charges levied will only relate to costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.
44 - 46	Security/Deposit Arrangements	
44	An undertaker is allowed to require security prior to commencing work, whether in the form of a sum deposited with the undertaker or otherwise:	
a	under section 42(1)(b), 47(2)(a), 99(1)(b), 101B(3A), 107(3)(b)(ii) or 185(4); or	Compliant. The full cost of the quoted work for connections must be paid prior to works commencing onsite.
b	for the purposes of any charges imposed under an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant. We appreciate that each development will have its own unique situation. Under all options, we offer flexible arrangements and timing of payments. For instance, we will discuss and agree phased payments to SLPs/NAVs for staged commissioning of the entire project which would be proportional and



		representative of works substantially complete.
45	The type and amount of security should not be unduly onerous, taking into account the risk to be borne by the undertaker in carrying out the work in question. Where undertakers require security, the type and amount of security and the payment of interest on the security should reflect the general charging principles set out in paragraph 18.	<p>Compliant.</p> <p>The security required will not be unduly onerous. The type and amount of security, and the payment of interest on the security, will reflect the general charging principles.</p>
46	The undertaker must clearly set out requirements for security in relation to any charges to be applied in its Charging Arrangements.	<p>Compliant.</p> <p>Our requirements for security in relation to any charges to be applied in our Charging Arrangements document will be clearly set out and documented in the applicable guidance notes and application forms, which will be accessible via our website.</p>
47 - 48	Exception from requirements to provide upfront Fixed Charges	
47	Undertakers are not required to provide for the option of upfront Fixed Charges in accordance with paragraphs 25 (Requisition Charges) of these rules, or to comply with paragraph 14, where, and to the extent that, it would be unreasonable to expect an undertaker to do so (having had regard to the practicality of setting a cost reflective upfront Fixed Charge and the benefit to customers of producing such a charge).	<p>Compliant.</p> <p>Our charges are generally based upon upfront fixed charges, although there are some limited exceptions to this approach as permitted under these Charging Rules.</p>
48	Where paragraph 47 applies, an undertaker must set out, and explain clearly, in its Charging Arrangements the alternative method or methods that will apply for calculating charges	<p>Compliant.</p> <p>For the areas where it is impractical to offer upfront fixed charges, the mechanism for calculating charges is clearly explained in our Charging Arrangements document.</p>
49	Validity period of quotations	



49	Where an undertaker intends to provide quotations for charges set out in its Charging Arrangements, it must explain in its Charging Arrangements the length of time over which such quotations will be valid and explain the approach the undertaker will take where the period over which a quotation is valid would cross into a new charging year. For the avoidance of doubt, provisions in Charging Arrangements relating to the validity of quotations across Charging Years may provide for charges covered by such quotations to be payable as set out in the quotation within the period so specified in the Charging Arrangements even if that charge would have been different if the quotation were provided at the time that the charges are in fact paid or payable.	Compliant. Our Charging Arrangements document states the validity period of quotations (90days) and clearly sets out the transitional arrangements for the 2022/23 charging year.
50-58	Infrastructure charges and Income Offsetting (English Undertakers)	
50	Each relevant undertaker whose area is wholly or mainly in England must fix Infrastructure Charges in their Charging Arrangements	Compliant. Our published infrastructure charge for 2022/23 is a fixed
51	Not used	N/A
52	Infrastructure Charges must be determined in accordance with the principle that the amount of such charges will over each period of five consecutive Charging Years ending on 31 March 2023 and, thereafter, on 31 March in each subsequent year cover the costs of Network Reinforcement that the relevant undertaker reasonably incurs, taking into consideration both the number and relevant costs arising in consequence of new connections in the undertaker's own area, and in the areas served by New Appointees with whom the undertaker has	Compliant. Our published infrastructure charge was determined in accordance with the principle that the amount of such charges will over each period of five consecutive Charging Years ending on 31 March 2023 and, thereafter, on 31 March in each subsequent year cover the costs of Network Reinforcement



	an agreement for bulk supplies of water or bulk discharge, and before the application of any Income Offset.	
53	Charging Arrangements must include a clear methodology explaining how Infrastructure Charges have been calculated.	Compliant. Our published infrastructure charge includes a clear methodology explaining how Infrastructure Charges have been calculated
54	For the avoidance of doubt, Infrastructure Charges must not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated:	
a	to the provision of a new water main or public sewer pursuant to an agreement with, or a duty owed under the Water Industry Act 1991 to, a person other than a relevant undertaker (including, but not limited to, the provision of a new water main or public sewer pursuant to a requisition under sections 41(1) or 98(1), a section 66D agreement or a section 117E agreement)	Compliant. Our published infrastructure charge does not relate not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies
b	to the adoption of infrastructure under a section 51A or 104 agreement	Compliant. Our published infrastructure charge does not relate not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies
c	to connections described in section 146(2) of the Water Industry Act 1991	Compliant. Our published infrastructure charge does not relate not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure



		in order to address pre-existing deficiencies
55	In setting Infrastructure Charges an undertaker may (but is not required to) provide for an Income Offset. Each undertaker has discretion as to the methodology to be applied to calculate Income Offset.	Compliant. Our published infrastructure charge does provide for an income offset
56	Infrastructure Charges may be set as a fixed charge per new connection, or calculated in accordance with a formula. As long as the difference between amounts is costreflective, the amounts of Infrastructure Charges may vary to reflect different circumstances and, in particular, may be different for different geographical areas.	Compliant. Our published infrastructure charge is set as a fixed charge per new connection
57	In making Charging Arrangements, each relevant undertaker must ensure that:	
a	the Charging Arrangements clearly set out how Infrastructure Charges have been calculated	Compliant. Our Charging Arrangements clearly sets out how Infrastructure Charges have been calculated
b	the amount of Infrastructure Charges applied in respect of the modification or redevelopment of existing buildings or premises is determined in accordance with the principle that the amount must take due account of any previous usage in the 5 years before the modification or redevelopment began (including supplies of water that were not for domestic purposes and drainage that was not for domestic sewerage purposes) associated with the buildings and/or premises to which the charges are to be applied and be discounted accordingly	Compliant. Our Charging Arrangements in respect to the amount of Infrastructure Charges applied in cases of the modification or redevelopment of existing buildings or premises is determined in accordance with the principle that we take due account of previous usage in the 5 years before the modification or redevelopment began



c	the Charging Arrangements clearly explain the methodology to be applied for determining a discount to reflect previous usage	Compliant. Our Charging Arrangements clearly explain the methodology for determining a discount to reflect previous usage
d	the Charging Arrangements clearly explain the methodology to be applied for determining any Income Offset	Compliant. Our Charging Arrangements explain the methodology to be applied for determining Income Offset
58	Rules 50 to 57 above do not apply to:	
a	New Appointees	N/A
b	any charges scheme that has effect in relation to a period ending before 1 April 2018.	N/A