WATER SECTOR GUIDANCE

**CHANGE PROPOSAL FORM**

Please complete the form below to submit a change proposal to the Water Adoption Panel.

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| **Name of Proposed Change:**  **Water Adoption Agreement, Clause 15** |
| **Section 1 - Proposed Change**   1. Please outline the details (including any relevant supporting documentation) of the proposed change.   A change to the wording of clause 15.1(a) to align the water adoption agreement to each water company’s charges scheme. Currently the clause states that water company works quotes are valid for 12 months but this may not align to some water company’s quote validities. The change will also ensure that the water adoption agreement aligns to a new requirement in Ofwat’s Charging Rules For New Connection Services[[1]](#footnote-1) (see below) which comes into effect 1 April 2022. The new charging rule requires each undertaker to set out the validity period of quotations and the approach it will take where the validity crosses into a new charging year.  Proposed new charging rule:  *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.*   1. Has the proposed change been considered previously (including during any prior consultation process)? If so, please provide details.   No.   1. Does the proposed change need to be considered by a specific date? If so, please explain why?   Change to be considered as soon as possible so that the WAA change can be implemented for the start of the new charging year.   1. Does the proposed change raise any health and safety issues? If so, please provide details.   No.   1. Please provide any further information relevant to the change proposal.   N/A |
| **Section 2 - Scope of the Proposed Change**   1. Which section(s) of the Water Sector Guidance and Water Adoption Agreement does the proposed change concern? Please provide specific references to the relevant documentation.   Clause 15.1(a)  “where any payments are due to be paid by the SLP to the Water Company, they shall be made in accordance with the requirements of Schedule 2 (Water Company Works and Charges) and this clause 15. Charges for Water Company Works are fixed for the first twelve (12) months of this WAA and thereafter are subject to change and shall be payable at the rate set out in the Water Company’s published Charging Arrangements prevailing thereafter;”  The change relates to charges for Water Company Works being fixed for the first twelve months of a WAA.   1. What consequential amendments to the Water Sector Guidance and Water Adoption Agreement would be required as a result of the proposed change? Please provide specific references.   Clause 15.1(a) to change wording to read  “where any payments are due to be paid by the SLP to the Water Company, they shall be made in accordance with the requirements of Schedule 2 (Water Company Works and Charges) and this clause 15. Charges for Water Company Works shall be payable at the rate set out in the Water Company’s published Charging Arrangements prevailing at the date of the relevant part of the Self-Lay Works or Water Company Works (as applicable);” |
| **Section 3 - Rationale for the proposed change**   1. What is the nature and effect of the current position/existing arrangements?   The current position may mean that undertakers are deviating from published charging arrangements to ensure compliance with the WAA when charging for Water Company Works.   1. What is the nature and effect of the proposed change?   The proposed change would be to reword clause 15 of the WAA to align it with the Charging Arrangements of each individual Water Company and allow compliance with Ofwat’s new charging rule which will be implemented from April 2022.   1. Why is the proposed change necessary?   To allow compliance with both Charging Arrangements and Ofwat’s new charging rule.   1. What is the desired outcome of the proposed change?   Alignment of the WAA with Water Company’s published Charges Arrangements. |
| **Section 4 – Impact on the Principles and Objectives of the Code**   1. Outline, how and why the proposed change maintains consistency with the principles and objectives of the Code for Adoption Agreements, and any relevant statutory or regulatory requirements?   Code Principles   * Fair and proportionate   + the change ensures we are not unfairly discriminating with quote validity across different customer types   + the change ensures that there isn’t unnecessary complexity with regards to quote validity as the WAA will align with the charging arrangements and all charges will have the same validity period rather than differentiation between Water Company Works and all other charges   Regulatory Requirements  Ensure compliance with proposed new validity period for quotations rule from Ofwat whereby validity is set out in the Water Company’s charging arrangements. |
| **Section 5 – Impact on Customers and Water Companies**   1. What is the impact of the proposed change (be it positive and/or negative) on Customers?   There will be no confusion to customers regarding the validity of quotes as all documentation will align. All charges will have the same validity period rather than administrative charges and water company works charges being misaligned in terms of quote validity. It will also mean that homeowners and builders will be treated in the same way as SLP’s.   1. Is there any evidence of customer concern relating to the proposed change? If so, please provide details.   No.   1. What is the impact of the proposed change (be it positive and/or negative) on Water Companies?   Allows simplicity of quote validity across all charges and all customer groups. Will also allow for compliance across all charges and customer groups with Ofwat’s new quote validity charging rule.   1. Estimate how much notice Customers and Water Companies may reasonably require to be able to meet any new requirements arising from the proposed change.   3 months to align with the publication of Water Company’s new Charges Scheme documents.   1. What is the suggested implementation date of the proposed change?   1st April 2022 |
| **Section 6 – Stakeholder Engagement**   1. Please outline any informal/formal consultation undertaken with relevant stakeholders likely to be affected by the proposed change, including details of any responses provided by stakeholders.   No consultation has occurred. |
| **Section 7 – Applicant’s Details** |
| Name: Graham Morley |
| Company: United Utilities |
| Company Registration Number: 6559020 |
| Company Address: Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP |
| Telephone: 07785456535 |
| Email: graham.morley@uuplc.co.uk |

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1. <https://www.ofwat.gov.uk/wp-content/uploads/2021/10/Charging_Rules_For_New_Connection_Services_Effective_April_2022.pdf> [↑](#footnote-ref-1)