

Statement of significant changes in our wholesale charges

Severn Trent Water 2017/18



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Significant changes in our wholesale charges 2017/18

Draft Wholesale Access Charging Rules, published by the Water Services Regulation Authority (WSRA), under sections 66E and 117I of the Water Industry Act 1991, require that if Severn Trent Water intends to make any significant changes to its wholesale access charges, it should provide to the WSRA and publish a statement of significant changes no later than the July immediately preceding the Charging Year for which the changes would have effect.

Severn Trent intends to introduce the following changes to the structure of its tariffs:

New banding for non-households at 5 MI/a

At present, non-household customers pay a fixed charge and a volumetric charge based on the volume they use. For water, a different rate applies to larger customers using more than 10 megalitres per annum (10 MI/a); there is a further band at 50 MI/a.

The consumption bands for waste water are different to water, as illustrated below.

Water	0-10 MI/a	10-50 MI/a	50+ MI/a	
Waste Water	0-50 MI/a		50-250 MI/a	250+ MI/a

For 2017/18, we intend to introduce a new band at 5 MI/a. This will apply to both water and waste water. We have not yet determined the rates for customers above and below this threshold, but it is not our intention to make significant changes to the level of charges.

The main purpose of this change is to align our consumption thresholds with the standard bands that Ofwat is introducing as part of its [review of non-household retail prices](#). These changes will help us to identify the wholesale charges within each of these bands, which will help retailers when setting their own charges.

Charges for New Appointments and Variations (NAV's)

We will introduce a separate charge for new development sites in Severn Trent's area of appointment that are served by competing companies (Sites). This will include a discount from standard wholesale rates to reflect the costs of running a network on those Sites (the NAV discount). The new charge will only apply to Sites that are not currently served by Severn Trent. For the avoidance of doubt, the NAV discount will not apply to inset appointments granted under the two other qualifying criteria (a) customers using more than 50 MI/a or (b) variations by consent.