

# Allowances, Assessment Requests, and Incentive Payments

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# Allowances, Assessment requests and Incentive Payments

## Why

The purpose of the Allowances, Assessment Requests and Incentive Applications standard is to provide clarity to Retailers on the types of allowances Severn Trent will grant and the conditions which should be met for allowances applications to be considered. This standard has been prepared to be aligned to the RWG Good Practice Guides as published on the MOSL Website

## Who

All wholesale Allowances, Assessment Requests and Incentive Applications within Sever Trent will be managed in accordance with this standard and its supporting processes, practices and procedures. The standard applies to, and is the responsibility of all employees.

## Scope

The scope of this standard is limited to retailers acting on behalf of non-household customers. It covers all allowances offered under the codes.

## 1.0 Allowance and/or Volumetric Adjustment

Severn Trent may undertake to grant an allowance or volumetric adjustment, subject to the limitations set out in this document.

### Leakage Allowance Conditions

If there is a leak on a private supply the retailer will have to pay for the water that has leaked unless the occupier qualifies for a leakage allowance. Severn Trent will consider a leakage allowance where the leak occurs on the external pipe work (i.e. after the meter chamber but before the pipe work enters the building).

**A leakage allowance will be given, and charges adjusted, provided the following conditions are met:**

- i. The leak occurs on a metered supply point.
- ii. The retailer must apply to Severn Trent providing all relevant supporting information within six months of a repair being completed.
- iii. The leak must be repaired within 30 days of the customer or retailer becoming aware of the leak, or within 30 days of the bill date where consumption is higher than normal, whichever is the earliest.
- iv. There must be appropriate and sufficient evidence that the burst has been repaired. This can be demonstrated by the retailer providing a copy of the repair bill and/or providing at least two actual (not customer) reads after the repair, at least 2 weeks apart, to ensure that the consumption is back to normal. In some situations, and at Severn Trent's discretion, both pieces of evidence may be required.
- v. To claim for a burst that did not return to the sewer there must be appropriate and enough evidence to show the used water did not return to the sewer. This can be evidenced with a photo/plan of the leak location and/or site drainage plans.
- vi. Severn Trent will consider one burst allowance for water per supply point:
  - In every 36 months where the leak was fixed between 1st April 2020 to 31<sup>st</sup> March 2021 \*\*
  - In every 24 months where the leak was fixed after 1<sup>st</sup> April 2021 \*\*
- vii. Severn Trent will not grant an allowance where there is evidence that the burst was caused by negligence, lack of action or failure to follow good practice by the customer, retailer or a third party.
- viii. A leakage allowance will only cover the period of the burst and will be limited to a maximum period of:
  - six months where the leak was fixed between 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021\*\*
  - 12 months where the leak was fixed after 1<sup>st</sup> April 2021\*\*
 which is considered to be sufficient time to identify and repair a burst.
- ix. The retailer continues to be liable for full wholesale charges at a supply point whilst any application for a burst allowance is being processed.
- x. It is the responsibility of the customer and the retailer to monitor meter readings taken on any supply point registered to them and establish if any reads showing an increase in consumption are due to an increase in water consumption at the premises or whether there is a burst on the customer's side of the meter. Where any burst is suspected to have occurred on the Severn Trent side of the boundary, the retailer should report it to Severn Trent via our operational and emergency contact number on 0800 783 4444. Severn Trent will then inspect the site for evidence of such a burst.
- xi. All meter readings needing to be taken into consideration when calculating the allowance will need to be added to the Central Market Operating System (CMOS). Where no readings are in CMOS for the burst period the claim will be rejected.
- xii. For the avoidance of doubt, allowance requests due to leaking internal fixtures and fittings or caused by vandalism will be rejected.
- xiii. A leakage allowance, including those in exceptional circumstances, will be at Severn Trent's discretion. Severn Trent reserves the right to reject any application for a burst allowance.

It is expected that at times there maybe mitigating circumstances as to why some of the above conditions could not be achieved. The Retailer is required to supply any mitigating circumstances in detail to the Wholesaler. The application following these mitigating circumstances will be at Severn Trent's discretion

\*Mitigating Circumstance are scenarios outside of the Customers direct control.

\*\* These policy changes will only apply to leaks that are repaired between or after the mentioned time periods and will not apply retrospectively to historical leaks. All burst allowance applications regarding leaks prior to 1st April 2020 will be assessed on our previous policy of one burst allowance for water per customer per supply point. Severn Trent will consider applying an allowance for used water where it did not return to sewer on multiple occasions.

**If Severn Trent agree to make an allowance to consumption following a leak:**

- i. Where logger data is available, we will use this to calculate the charge adjustment, if not we will use Average Daily Consumption (ADC) using a 12 month period immediately predating the leaked period.
- ii. Severn Trent will grant an allowance of 100% of the excess water which passed through the meter for the peak periods of maximum wastage between meter reads being claimed for by the retailer (the allowance will only be payable for the single worst effected period and shall not exceed 12 months)
- iii. Severn Trent will grant an allowance of 100% of the excess used water, which passed through the meter for the peak periods of maximum wastage between meter reads being claimed for by the retailer which could have returned to the sewerage systems (the allowance will only be payable for the single worst effected period and shall not exceed 12 months)
- iv. Severn Trent will grant an allowance of 100% of the excess used water if it could not have returned to the public sewerage system. This could be because the leak was on an underground pipe and the water drained naturally into the ground, or any other reason meaning the water did not leave the property by the sewer or public drainage systems. This will also be for the period being claimed for by the retailer or non-household customer (from estimated date of burst to date of repair of burst).

**Before submitting a bilateral form in SWIM using Process Form H/01 here is a checklist for you to consider:**

- i. Read and understood the policy.
- ii. Provided details of the period and how much you are claiming for and that it is in accordance with the policy.
- iii. Confirmed the leak was repaired within 30 days of the customer or retailer becoming aware.
- iv. Confirmed the leak is on the private side and on underground pipework.
- v. Provided evidence of the leak repair and date (Contractor invoice, photos, plans etc).
- vi. Provided meter readings and/or logger data to substantiate the claim and ensure the required meter readings have been uploaded in the Central Market Operating System.
- vii. Provided evidence of the non-return to sewer (if applicable)

**For further information about leak responsibilities and leak allowances please refer to the RWG Leak Allowance Good Practice Guide:**

<https://www.mosl.co.uk/download-document/f97f145686d983f3213fbb190be28595>

## 2.0 Return to Sewer Allowance

### Wholesaler Responsibility

- Severn Trent will assess and either accept, or reject, the Retailer's application for an RTS allowance as appropriate
- Severn Trent will verify the RTS allowance and may seek further information from the Retailer or arrange a site visit to the Customer's premise, if required
- Severn Trent will assess if an RTS allowance is due and determine any information required from the Customer in order to verify and quantify the allowance. This may involve one-off static data or data that is required on an ongoing basis
- Severn Trent will apply any RTS allowances it believes are due, inform the Retailer and update CMOS accordingly
- Severn Trent will review the RTS allowances periodically or when it believes is necessary and notify the Retailer accordingly.

### Non-Household Customer Responsibility

- The customer should understand their site/premises and should be able to demonstrate how and where water is used and whether it returns to the sewer or not
- The Customer is responsible for assessing and providing sufficient details to their Retailer to allow a Wholesaler to assess and verify any RTS allowance due. As a minimum the Customer should provide information on the process where the water is lost, its fate (e.g. is it evaporated, disposed of offsite, ends up in the product etc.) and an assessment of the volume of water not returned as well as provide a drainage plan for the area etc.
- The Customer should consider how the quantity of water can be accurately assessed moving forward (calculated, measured directly or in-directly, fixed amount etc.).
- The Customer should regularly read any private meters installed to assess the RTS volume and provide these to their Retailer or agree with their retailer any acceptable alternate method of providing meter read information.

### Retailer Responsibility

- Assess if any RTS allowances are due as part of its Customer 'on-boarding' process or a change of occupier.
- Advise the Customer of the Wholesalers default RTS allowance, to determine if any further allowance is applicable.
- Advise and assist the Customer to collate the relevant information the Wholesaler requires in order to assess/grant an RTS allowance.
- Submit H/01 form for any RTS allowances they believe to be due, in excess of the default allowance the Wholesaler applies.
- Provide any further information the Wholesaler may require in order to validate the RTS allowance and re-submit the H/01 form as appropriate.
- Work with the Wholesaler and Customer to review any existing RTS allowance as a result of a periodic review instigated by the Wholesaler, subject to an appropriate timescale.
- If a private meter is fitted the Retailer will agree a reading schedule with the Customer and upload the private meter reading to CMOS in-line with market meter reading, so the Customer's bill is correct.
- Be proactive if the Customer does not provide their private meter readings.

## Calculating the allowance

- Severn Trent's tariff default is charged at 100% - when an allowance is given we will manipulate the %age factor of that tariff based on the calculations made from Sub meter readings, we will be happy to look and use any corroborating evidence to assist with the calculation
- The start date for the allowance will be from the date the private sub meter was installed, the date from when the previous allowance was applied to or the 1<sup>st</sup> April of the year the request is made, whichever is latest
- If calculating from alternative sources such as a Borehole, Severn Trent will require a meter to be on the Borehole supply
- If a customer is requesting an NRT allowance in respect of recycled/grey water, Severn Trent will require a meter to be on the Borehole supply
- In the case of a request for an allowance when a rainwater harvesting system is in place Severn Trent will require a private sub meter to be installed. In addition, a reduction in SWD is also possible if the overflow is not connected to STW Mains
- Severn Trent's preferred calculation method is based on receipt of sub meter readings or some such other accurate measuring method – the reason we do this is that this is the most accurate measurement and ensures the customer gets all the money that is due to them in terms of the allowance and encourages positive behaviours in the market. We are happy to accept and use alternative corroborating evidence to assist with the calculation
- In terms of sub metering on sites they can be in place to measure what goes out, but equally they can be reversed engineered to measure just what has been used on a site whichever is the easiest and/or economical to install
- No end date will be applied to the RTS% transaction. Therefore, upon receipt of a H1 bilateral form only one transaction will occur which will be to apply the RTS% to reflect how much water returns to the sewer
- The Retailer is still expected to submit H1 bilateral forms to regularly update the RTS% as and when the customer submits new meter reading data that will alter the current RTS%
- Severn Trent reserves its right to review the RTS Allowance on a change of use of a property or change of occupier, if it believes it is appropriate
- Severn Trent may review the RTS allowances periodically and notify the Retailer accordingly.

## 3.0 H2 – Application for contribution offer in respect of installing a meter at an unmeasured or assessed service component

- When a contribution offer application is received, Severn Trent will check the form for accuracy and will return any form found incomplete or not providing all necessary information
- If we have a materially complete contribution offer application, Severn Trent may visit the eligible premises to reassess if a meter can be fitted
- Severn Trent will notify the retailer whether or not it will make a contribution offer and if so provide details of such contribution offer
- If a retailer accepts our contribution offer and completes the required changes to internal pipework within 80 business days, Severn Trent will fit a meter as per our metering standard. If the work has not been completed, Severn Trent will notify the retailer. If the work remains incomplete 10 business days after notification to the retailer, Severn Trent will deem the offer rejected
- If a retailer does not accept Severn Trent contribution offer, Severn Trent will deem the offer rejected. Severn Trent will further determine if a change to service component and/or tariff is required, of either:
  - i. a rejected offer;
  - ii. no response from the retailer within the 15 business days response period; after a contribution offer has been made,

- iii. a failure of the retailer to complete works within the 80 business days.
- Severn Trent will provide the retailer with a re-evaluation or change to the applicable values; tariff and/or service component, on receipt of additional evidence

### **3.1 H3 – Review of unmeasured/assessed supply points**

- Severn Trent may review assessed water and/or sewerage services at each assessed supply point; on a periodic basis, to confirm that the criteria on which the reassessment was based remains unchanged
- Severn Trent will request retailers to provide up-to-date information on water use and consumption to allow evaluation of current charging assessment and potential for a meter to be installed
- Severn Trent may undertake a site visit and notify the retailer of the reasonable grounds for the visit, and will inform the retailer in writing
- If Severn Trent decides a further assessment is required; Severn Trent will determine the correct consumption values and applicable tariff for the supply point(s), either way Severn Trent will notify the retailer of the tariff that will apply to those supply point(s)
- Upon receipt of any additional evidence, Severn Trent will confirm applicable values/tariff to the retailer

### **3.2 H4 – Wholesaler notice of change in tariff applied to a service component**

- Severn Trent will notify the retailer of its intention to change the tariff applied to any service component to which the retailer is registered and reasons for doing so
- Severn Trent will notify the Market Operator to achieve the 'effective from date' in a timely way and no later than two business days after the 'effective from date'
- Upon receipt of a challenge from the retailer providing reasons and any additional information; Severn Trent will notify the retailer that Severn Trent intends to either:
  - i) change the tariff as originally notified;
  - ii) make a different change of tariff; or
  - iii) make no changes.

### **3.3 H5 – Retailer application for a change in tariff applied to a service component**

- Upon receipt of an application to change to a tariff applied to a service component, Severn Trent will inform the retailer if any additional information in order to consider the request
- Where Severn Trent deem a visit to an eligible premises is required, Severn Trent will arrange through the retailer or directly with non-household customer with the retailer's consent
- If Severn Trent decide not to approve the retailer's request; Severn Trent will notify the retailer; along with reasons why
- If Severn Trent decide to approve the retailer's request; Severn Trent will notify the retailer and at the same time; the Market Operator