

Allowances, Assessment Requests and Incentive Payments

February 2018

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Why

The wholesale Allowances, Assessment Requests and Incentive Application standard is an integral part of Severn Trent wholesale operations and provides further clarification in respect of the policy.

Who

All wholesale Allowances, Assessment Requests and Incentive Applications within Severn 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 objective of this standard is to set out the company's approach to wholesale Allowances, Assessment Requests and Incentive Applications. We need to ensure we understand the requirements for wholesale Allowances, Assessment Requests and Incentive Applications, regularly measure and report compliance and ensure that corrective actions are established and delivered where the desired level of performance is not present.

1 Market Codes

Latest version of Market Codes can be found on www.mosl.co.uk

Severn Trent will comply with the service level agreements as set out in the Market Codes.

1.1 Application for an allowance and/or volumetric adjustment or Severn Trent notice of change of allowance (Process H1)

1.1.1 Retailer review and/or application for an allowance and/or volumetric adjustment from Severn Trent

Within 20 business days of receipt of the relevant form, Severn Trent shall notify the retailer whether:

- we accept the application;
- we need further information from the retailer or the non-household customer together with details of the further information requested;
- we need to visit the eligible premises to verify information;
- we reject the application, providing an explanation of why it is rejected; or,
- we consider an alternative allowance should apply or that it considers the retailer to have incorrectly calculated the amount of the applicable allowance(s), together with reasons and details of that alternative allowance or value.

If Severn Trent have requested further information from the retailer and further information has been resubmitted on the relevant form and/or providing such additional information as reasonably requested, Severn Trent will make a decision on the application within 20 business days.

If Severn Trent require a visit to the eligible premises; Severn Trent shall arrange such a visit through the retailer or directly with the non-household customer, with the retailer's consent¹.

Within 20 business days of receipt of the materially complete form, Severn Trent shall advise the retailer whether or not any allowance(s) is or are due.

If, following receipt of the information required from the retailer and/or following a site visit; Severn Trent believe that a change to the existing allowances is required, Severn Trent shall determine the correct allowance(s) for the service component(s) at the supply point(s). For the avoidance of doubt; this may be the allowance/s applied at the start of this process, in which case Severn Trent shall notify the retailer.

Within two business days of notifying the retailer of any allowance(s) due, Severn Trent shall notify the Market Operator and the details of the allowance(s).

1.1.2 Severn Trent notice of review of or change to any allowance(s)

¹ Please refer to the Finance and Commercial Standard for guidance on Appointments

Severn Trent will request the retailer to provide relevant and appropriate information, to allow an evaluation of whether any existing allowances applied to any service component(s) at any supply point(s) are appropriate.

If no such information is received from the retailer within 20 business days or; having received the information; Severn Trent believe there are reasonable grounds for conducting a site visit, Severn Trent shall arrange either via the retailer or directly with the non-household customer with the retailer's consent, to undertake a site visit. Severn Trent will notify the retailer in writing of the reasonable grounds.²

If, following receipt of the information required from the retailer and/or following a site visit; Severn Trent believe that a change to an existing allowance is required, Severn Trent shall determine the correct allowance(s) for the service component(s) at the supply point(s). For the avoidance of doubt; this may be the allowance which applied at the start of this process, in which case Severn Trent shall notify the retailer and no further action is required.

If Severn Trent determine that the allowance(s) to be applied at a service component requires a change; Severn Trent shall notify the retailer of its intentions to change the allowance(s) available to any service component to which the retailer is registered and Severn Trents reasons for doing so, at least 20 business days in advance of its planned notification to the Market Operator.

If a retailer does not challenge Severn Trents allowance adjustment within 10 business days of receipt of notification, Severn Trent will notify the Market Operator of the change in allowance(s) to be applied in respect of a service component. Severn Trent will do so no later than two business days from the effective from date.

Where a retailer challenges our notice within the set 10 business days, Severn Trent will notify the retailer within eight business days of receipt of challenge:

- that Severn Trent shall change the allowance(s) to be applied to the service component(s) as it originally notified;
- of any different change which Severn Trent will make to the allowance(s) to be applied to the service component(s);
- that Severn Trent will not change the allowance(s) applied to the service component(s).
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If and when Severn Trent decide to change the allowance(s) to be applied to any service component(s) at any supply point(s); to which the retailer is registered, Severn Trent shall notify the Market Operator of the change in allowance(s) no later than two business days from the effective from date and in accordance with the Market Terms.

1.2 Application for a contribution offer in respect of installing a meter at an unmeasured or assessed service component (Process H2)

Upon receipt of a contribution offer application, Severn Trent will return any form found incomplete or not providing all necessary information within 10 business days.

Upon receipt of 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, within 10 business days of a materially complete contribution offer application.

² Please refer to the Finance and Commercial Standard for guidance on Appointments

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, within two business days 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. retail failure 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, within 10 business days of receipt of additional evidence.

Severn Trent will notify the Market Operator within two business days; after the expiry of the 10 business days of a retailer's right to challenge us; or after the expiry of the 20 business days of a retailer's right to provide evidence to support re-evaluation.

1.3 Review of charges at unmeasured or assessed supply points - review of unmeasured or assessed charges by Severn Trent (Process H3)

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 will undertake a site visit and notify the retailer of the reasonable grounds for the visit. Severn Trent will do so in writing.³

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 within 10 business days.

Severn Trent will notify the Market Operator of any changes within two business days; after the expiry of the 10 business days of a retailer's rights to challenge us, or after the expiry of the 20 business days of a retailer's right to provide evidence to support re-evaluation.

³ Please refer to the Finance and Commercial Standard for guidance on Appointments

1.4 Severn Trent notice of change in tariff applied to a service component (Process H4)

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 do so at least 20 business days in advance of its planned notification to the Market Operator.

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; within 8 business days of receipt of the challenge, notify the retailer that Severn Trent intend to either:

- i) change the tariff as originally notified;
- ii) make a different change of tariff; or
- iii) make no changes.

Severn Trent will notify the Market Operator; following the notification to the retailer regarding the challenge made to tariff, in a timely way and no later than two business days after the 'effective from date'.

1.5 Retailer application for change in tariff applied to a service component (Process H5)

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. Severn Trent will do so within five business days of receipt of application.

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, within 20 business days of receipt of an application or from receipt of additional information.

If Severn Trent decide to approve the retailer's request; Severn Trent will notify the retailer and at the same time; the Market Operator, within 20 business days of receipt of an application or from receipt of additional information.

Severn Trent will notify the Market Operator; following the notification to the retailer regarding the change to a tariff applied to a service component, in a timely way and no later than two business days after the 'effective from date'.

1.6 Application for payment of gap site incentive payment

Severn Trent do not offer incentive payments

1.7 Application for payment of vacant premises incentive payment

Severn Trent do not offer incentive payments

2 Severn Trent Allowances, Assessment Requests and Incentives

This section refers to standards Severn Trent hold above the Market Codes.

2.1 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.

The circumstances by which Severn Trent may provide allowances and/or volumetric adjustments is not exclusive to leaks, this also applies for other such examples:

- Water for firefighting purposes.
- Bursts.
- The outcome of meter accuracy investigations or following the replacement of a faulty meter; or
- to reflect changes in the volumes returned to sewer; or
- to reflect changes in an allowance applied in respect of a trade effluent consent; or
- to reflect changes in surface area drainage.

2.2 Allowance Entitlement.

Severn Trent will grant a leakage allowance where the leak occurs on the external pipe work (i.e. after the meter chamber); once during a non-household customer's period of occupancy in the same property, regardless of any change in appointed retailer. However discretion may be applied and a further allowance granted if there is an internal leak as a result of a failure by Severn Trent wholesale.

The leak must be repaired within 28 days or the claim can be rejected on the grounds that water was allowed to run to waste unnecessarily.

If the supply status has been changed and is no longer used or serves a non-household supply, the non-household customer is required to provide documentary evidence to confirm when this change occurred and what the supply is now for. Any amendment to the supply status has to be requested in writing and agreed by Severn Trent. Once Severn Trent receive the documentary evidence and an application to change the supply status along with the allowance form, this information will be taken into consideration before any allowance is granted.

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

- i. Severn Trent will grant an allowance of 50% 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 or non-household customer (the allowance will only be payable for the single worst effected period and shall not exceed 6 months)
- ii. Severn Trent will grant an allowance of 50% of the excess used water, which could have returned to the sewerage systems. This will 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)
- iii. 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).

- iv. Severn Trent will grant an allowance of 100% of any excess water which passed through the meter for firefighting purposes.

2.3 Backdating of Allowances or Volumetric Adjustments

Severn Trent will limit back dating allowances to the start of the financial year (defined as 1 April to 31 March) when the issue has been caused after the water meter on the private side of the boundary.

Severn Trent will go back as far as is necessary where the fault is down to Severn Trent wholesale when applying allowances or volumetric adjustments.

2.4 Granted Volumetric Adjustments

Following a meter accuracy check that proves the meter is faulty, and an adjustment is granted to the non-household customer the customer is entitled to Water & Used water - 100% of the excess usage if a fault on the meter causes consumption to register on the meter but the water has not been supplied. Customers in this instance are granted an adjustment more than once should further faults develop.

2.5 Non Return to Sewer Allowance

Severn Trent will calculate used water charges on the basis that the volume of “water out” is the same as the volume of “water in”. The volume of “water in” will be based upon the meter records of water supplied to or taken at the premises, trade effluent discharged from the premises and (where Severn Trent cannot get such meter records) all other reliable information available to Severn Trent at the time. This will be subject to the paragraph below and binding on the person liable to pay the charge.

The unit charge is set at a level that acknowledges “normal losses”. This covers miscellaneous non-returns to the sewer, e.g. evaporation from cooking, clothes washing, bathing, hot water equipment and garden watering. Severn Trent make no specific adjustment for losses that are higher than “normal” levels, such as evaporation from swimming pools, but customers may opt to meter their own discharge as described in our charges⁴.

Severn Trent will advise the retailer to install and maintain their own meter, gauge recorder or other apparatus to record the volume of used water if they are unhappy with the volume calculated by us.

This apparatus, approved by us and fitted in a location and manner Severn Trent are also happy with, to a water fitting, pipe or drain to determine a more accurate measurement of the volume of used water discharged to the public sewer.

As long as Severn Trent are satisfied as to the accuracy of the volume of water or used water recorded by the meter(s), gauge recorder or other apparatus installed by the retailer/customer, Severn Trent will use this information to determine the volume of used water discharged to the public sewer.

⁴ For all charges refer to Severn Trent Wholesale Scheme of Charges

If Severn Trent are not satisfied or if the retailer fails to provide full details of the relevant volumes by the due date or otherwise in accordance with Severn Trent's requirements, Severn Trent will base the charge on our assessment of the volume of used water discharged as described in our charges.

2.7 Service Request

Any service requested from the Wholesale Scheme of Charges⁵ must be submitted by a retailer using a recognised communication method (i.e. bilateral form sent in electronic or manual format), any standard request accepted by Severn Trent will be deemed authorised by the retailer, and grants authority to Severn Trent to complete any works necessary and any relevant cost charged to the retailer. Where the work is non-standard a quotation will be provided prior to the work being completed. Service requests made over the phone will not be accepted.

2.8 Follow on Work

If a job Severn Trent has quoted for changes due to non-household customer/retailer activity on site; we will consider this an abortive visit, which is chargeable⁶ and new quote from Severn Trent will be required.

2.9 Burst on Private Property of a Non-Household Customer

Severn Trent will act in accordance with Section 75 of the Water Industry Act 1991, 'Power to prevent damage and take steps to prevent contamination, waste, etc.

⁵ For all charges refer to Severn Trent Wholesale Scheme of Charges

⁶ Please refer to Wholesale Scheme of Charges