

Severn Trent NHH Water Efficiency Incentive Scheme Trial Terms and Conditions

MAY 2021

WONDERFUL ON TAP



About this document

Introduction

The purpose of this document is to define the Terms and Conditions under which incentive payments will be made to Retailers (and to Customers via Retailers) for reductions in volumes of water consumed.

Background to the Water Efficiency Incentive Scheme Trial

Climate change and a growing population are putting increasing pressure on water demand, so using less water is going to be key for everyone to manage impacts on our environment.

The NHH Retail Market has little evidence or best practice available for how Wholesalers should engage Retailers and NHH customers in Water Efficiency. The incentive scheme trial is aimed at testing different approaches and providing evidence for which realises the most water savings.

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1. General Terms and Condition

From 1st May 2021, for a four-month period, Severn Trent will run a Water Efficiency Incentive Scheme Trial designed to encourage business Retailers and Customers to engage in Water Efficiency measures and demand reduction. The trial includes three different approaches, each of which are detailed in the sections below.

Eligibility to Apply

- All applications must be for metered supply points.
- Applications can only be made for SPIDs that are set to 'OCCUPIED' in CMOS.
- Each SPID can only apply for one of the Retailer Incentives (Small or Large) but can apply for the Customer Incentive as well as one of the Retailer Incentives.

Payment Terms

Our preferred method for making incentive payments will be via a "VAT self-bill" agreement. This is an efficient method that allows us to issue VAT self-billed invoices to Retailers and make payment for any incentives due on a monthly basis. It requires us to enter into a simple "self-bill" agreement. Further details about self-billing are available from HMRC here – [HMRC Guidance](#), including a [Self-Bill Template](#).

Please contact your Account Manager if you are participating in the scheme and want to set up a Self-Bill Agreement.

Note: The system set up process to allow incentive payments to be made takes around 3 weeks. If Retailers plan to apply for the upfront incentive funding as the trial goes live, system set up should be completed ahead of the trial.

2. Approach A: Retailer Small Incentive

The Retailer Small Incentive includes an incentive payment for reducing water demand that is available to Retailers on the following terms:

- The incentive rate is **25p per litre/day** of water that is saved.
- We will fund up to **50% of costs up-front**.
- Overall incentive payment per SPID is **capped at £2,000**
- Applications for final incentive payments can only be submitted **3-months** after the intervention has completed.
- The Supply Points must be located in either the **Strategic Grid Water Resource Zone**, or the **North Staffordshire Water Resource Zone** (eligible SPID lists are to be made available).
- Initial applications can be submitted via SharePoint (<https://severntrent.sharepoint.com/sites/MODAT/SitePages/Home.aspx>) from **1st May 2021** until **31st August 2021**.
- Applications for final incentive payments must be made no later than **31st January 2021**.
- Each Retailer can apply for a maximum of **10 SPIDs** to ensure we engage with as many retailers as possible for the trial.

- Retailers will only receive incentive payments once per SPID, but further applications can be made if previous applications have been declined.
- If the SPID switches to a different retailer following initial funding but prior to final incentive application, then final incentive won't be paid.

Evidence required:

- We will issue up-front funding once we've confirmed that at least **two recent meter reads** are shown in CMOS for that SPID, which are **not estimated reads**.
- Final incentive payment will be issued following confirmation that a **post-intervention meter read** is showing in CMOS, that is at least three months after the intervention completion date and is **not an estimated read**.

Processing and Calculations:

- Where logger data is available we will use this to calculate the water saving, if not we will use Average Daily Consumption (ADC) from the same period from the previous year, recognising that seasonal variances exist.
- Pre-Covid-19 usage data, or comparable usage data will always be used to calculate the water saving.
- Applications will be time and date stamped on receipt and will be processed on a **first come, first served** basis. Once the funding has depleted, the trial for the Retailer Small Incentive will end and Retailers will be notified.
- Leakage allowances can be applied for as appropriate. Claiming a water efficiency incentive has no impact on leakage allowance applications.

3. Approach B: Retailer Large Incentive

The Retailer Large Incentive includes an incentive payment for reducing water demand that is available to Retailers on the following terms:

- The incentive rate is **25p per litre/day** of water that is saved.
- We will fund up to **50% of costs up-front**.
- Overall incentive payment per SPID is **capped at £5,000**
- Applications for final incentive payments can only be submitted **6-months** after the intervention has completed.
- The Supply Points must be located in either the **Strategic Grid Water Resource Zone**, or the **North Staffordshire Water Resource Zone** (eligible SPID lists are to be made available).
- Applications will be received during three application windows; April, May and June. Initial applications can be submitted via SharePoint (<https://severntrent.sharepoint.com/sites/MODAT/SitePages/Home.aspx>) as follows:
 - Between 01.05.21 and 31.05.21 – funding issued early June
 - Between 01.06.21 and 30.06.21 – funding issued early July
 - Between 01.07.21 and 31.07.21 – funding issued early Aug
- Applications will be assessed against the following criteria and funding will be issued to those that best meet <https://severntrent.sharepoint.com/sites/MODAT/SitePages/Home.aspx> the criteria.

- The amount of water savings offered.
 - The amount of funding required.
 - The sustainability of the water savings (how long is the reduction likely to continue for?)
 - The level of certainty over proposed water saving being delivered.
 - The quality of the evidence provided.
- Each Retailer can apply for as many SPIDs as they want; however, funding will only be granted to a maximum of **5 SPIDs per Retailer** to ensure we engage with as many retailers as possible for the trial.
 - Retailers will only receive incentive payments once per SPID, but further applications can be made if previous applications have been declined.
 - Applications for final incentive payments must be made no later than **31st March 2022**.
 - If the SPID switches to a different retailer following initial funding but prior to final incentive application, then final incentive won't be paid.

Evidence required:

- We will issue up-front funding once we've confirmed the following:
 - at least **two recent meter reads** are shown in CMOS for that SPID, which are **not estimated reads**.
 - Evidence has been submitted to show:
 - How the cost of the work has been built up
 - What the funding is to be used for
 - How the estimated savings have been built up and why the savings are believed to be possible.
 - How any reduction in water will be due to the planned intervention and not due to reduced staffing and production as a result of the COVID-19 pandemic.
- Final incentive payment will be issued following confirmation of the following:
 - At least one **post-intervention meter read** is showing in CMOS, that is at least 6-months after the intervention completion date and is **not an estimated read**.
 - Evidence has been submitted to show the work has been completed.
- Examples of evidence are photos, copies of quotes and invoices, meter and logger data, staffing and operational hours data, and production information. In the case of photos, originals will be required so we can see time and date stamps.

Processing and Calculations:

- Where logger data is available we will use this to calculate the water saving, if not we will use Average Daily Consumption (ADC) from the same period from the previous year, recognising that seasonal variances exist.
- Pre-Covid-19 usage data, or comparable usage data, will always be used to calculate the water saving.
- Once the funding has depleted, the trial for the Retailer Large Incentive will end, even if all funding is allocated following the first application window. Retailers will be notified as soon as the trial has ended.

- Leakage allowances can be applied for as appropriate. Claiming a water efficiency incentive has no impact on leakage allowance applications.

4. Approach C: Customer Incentive

The Customer Incentive includes an incentive payment for reducing water demand at specific times and dates, that is available to Customers, via Retailers, on the following terms:

- The incentive is a **£100** one off payment for customers, to be paid via Retailers.
- **48 hours' notice** will be provided ahead of a peak event, via email to Retailers and published on our website.
- The peak hours are between **08:00 and 10:00** in the morning, and between **17:00 and 20:00** in the evening.
- The peak event could last between **one and three days**. The duration of the peak event will be declared in the same notification that provides the 48 hours' notice.
- Logger data must show an **80% reduction** in consumption during all the peak hours throughout the peak event.
- Retailers must submit applications for the incentive payment on behalf of their customers and pass on the payment.
- Applications will be processed on a **first come, first served** basis (once the funding has depleted, the trial for the Customer Incentive will end).
- Applications for incentive payments must be made prior to **31st October 2021**.

Eligibility to Apply:

- The Supply Points must have **loggers** on all their meters (a list of which SPIDs have Severn Trent owned loggers is to be provided)
- Privately owned loggers are acceptable; however, we withhold the right to visit site and check the logger, and logger data will be required to be submitted with the application.
- When the supply point has a privately owned logger, the meter reads in CMOS must correspond to the logger data provided.
- The supply point must have an **ADC of at least 50m3** in the 7 days prior to the peak event.
- The Supply Points must be located in one of the **target District Metered Areas** identified by Severn Trent (eligible SPID lists are to be made available).
- If there is a fault with the Severn Trent logger, meaning the data is missing to allow the application to be assessed, we will issue the incentive payment and take action to resolve the logger fault.
- If there is a fault with the privately owned logger, meaning the data is missing to allow the application to be assessed, we will not issue the incentive payment.