

# **SCOTTISH WATER CHARGES SCHEME**

**made under section 29A of the Water Industry (Scotland) Act 2002**

## **PART 1**

### **WHOLESALE CHARGES – Methodology**

**for the Supply of Water and Sewerage Services  
for the Fiscal Year 2011-12**

**Effective from  
1 April 2011**

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# **1. METHODOLOGY FOR SCOTTISH WATER'S WHOLESALE CHARGES**

## **1.1 Introduction**

This is Part 1 of Scottish Water's Charges Scheme for 2011-12 as approved by the Water Industry Commission for Scotland under Section 29A of the 2002 Act. This Part 1 explains how Scottish Water will demand and recover the specific charges for its wholesale services set out in Part 2 of the Charges Scheme and makes provision for exemptions, re-sale, Schedule 3 and Section 29E agreements.

Part 2 of the Charges Scheme applies for the financial year 2011-12 to all Water and Sewerage Services (including Trade Effluent) provided to Licensed Providers at Supply Points / Discharge Points registered under the Market Code.

**This Part 1 must therefore be read in conjunction with Part 2 of the Charges Scheme for 2011-12.**

To the extent that this Part 1 or Part 2 of the Charges Scheme are inconsistent with any agreement binding upon Scottish Water, the charges specified in the agreement will prevail subject to any specific allocation of any wholesale/retail element of those charges in terms of this Part 1 or Part 2 of the Charges Scheme.

Definitions for terms within this Part 1 are included in Appendix 1.

A water re-sale statement, required under Section 30 of the 1980 Act, is set out in Appendix 4. This details the maximum charges for services provided with help of Scottish Water and explains how Licensed Providers' customers should approach water re-sale with their end-user.

## **1.2 Contact Information**

### **1.2.1 By letter to Scottish Water's Registered Office:**

Scottish Water  
Wholesale Services  
Castle House  
6 Castle Drive  
Carnegie Campus  
Dunfermline KY11 8GG

### **1.2.2 By e-mail and on-line:**

[wholesaleservicedesk@scottishwater.co.uk](mailto:wholesaleservicedesk@scottishwater.co.uk)

[www.scottishwater.co.uk/wholesale](http://www.scottishwater.co.uk/wholesale)

## **2. WHOLESALE CHARGING General Provisions**

General provisions relating to terms of payment for the wholesale supply of Water and Sewerage Services to Licensed Providers under Part 2 of the Charges Scheme are set out within this Section. Further provisions regarding terms of payment, such as the applicable interest rates, are provided within Clause 8 of each Licensed Provider's Wholesale Services Agreement.

Notwithstanding the payment terms set out in this Part 1, Licensed Providers should be aware that failure to adhere to the terms of payment within their Wholesale Services Agreement may result in that Agreement being revoked.

### **2.1.1 Application**

Part 2 of the Charges Scheme will be used for all wholesale charges for the supply of Water and Sewerage Services (including Trade Effluent), except those supplied pursuant Schedule 3 of the 2005 Act and Section 29E of the 2002 Act (details in Appendix 2).

Specific provisions in relation to the application of Part 2 of the Charges Scheme are provided within Clause 7 of each Wholesale Services Agreement.

### **2.1.2 Persons Chargeable**

Each Licensed Provider will be charged for the supply of Water and Sewerage Services (including Trade Effluent) to connected Supply Points / Discharge Points registered to it. Wholesale charges, apportioned on a calendar day basis, will apply to Supply Points / Discharge Points, including those where services have been temporarily disconnected<sup>1</sup>, other than where the Supply Points / Discharge Points are classified as vacant under the Market Code. New Supply Points / Discharge Points allocated under the gap site procedure will be charged from the date the Supply Point / Discharge Point became occupied. Charges for "other" wholesale services (non-primary services) will also continue at Supply Points where services have been temporarily disconnected.

#### **2.1.2.1 Changes to chargeable premises from April 2012**

From April 2012 the following charges will apply at vacant premises:

- the Water Charge; and
- the Sewerage Charge, including
  - o Trade Effluent;
  - o Property Drainage Charges; and
  - o Roads Drainage Charges.

Since no water will be used at vacant premises volumetric charges should not arise but where consumption is recorded volumetric charges will apply. At un-metered premises Assessed Volume charges will be suspended on vacancy.

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<sup>1</sup> Assessed Volume charges at un-metered Supply Points will be suspended on temporary disconnection.

Licensed Providers will be able to request and pay for a disconnection, which would suspend the application of all charges, and then request and pay for a reconnection when the premises is reoccupied.

### **2.1.3 Value Added Tax**

Charges in Part 2 of the Charges Scheme are stated exclusive of VAT, however, VAT will be chargeable in line with the Licensed Provider's Wholesale Services Agreement.

### **2.1.4 Metered charges**

Scottish Water has undertaken a programme of installing meters at all unmeasured non-household Supply Points where reasonably practicable. All Supply Points that had meters installed through the meter installation programme will pay the appropriate primary water and sewerage charges.

Scottish Water will install meters at new Supply Points allocated under the gap site procedure where feasible and the appropriate primary water and sewerage charges will apply.

When an un-metered Supply Point which has been vacant is subsequently re-occupied, Scottish Water will, where possible, install a meter. Where a meter is installed the appropriate primary water and sewerage charges will apply.

### **2.1.5 Charges related to Rateable Value**

Rateable Value will be the basis for levying Property and Roads Drainage Charges. It may also be used for Water and Foul Sewerage Charges in relation to Supply Points that are not metered, see section 2.1.6 below for further information.

The detailed rules for the Rateable Value applicable to Supply Points are set out in Appendix 3. The rules in Appendix 3 will apply to new Supply Points brought into charge for the first time through the gap site process, subject to the relevant Rateable Value being applicable. Should the relevant Rateable Value not be available, the Rateable Value currently assigned by the LCRA will be used.

### **2.1.6 Charges in respect of unmetered Supply Points**

Following completion of the meter installation programme, some Supply Points remain unmetered. Wholesale charges for these Supply Points will be applied on the basis of an assessed meter size and an assessed consumption unless a re-assessment has been undertaken, see section 2.1.6.1.

The assessed volume will be calculated using the following formulae:

- Assessed water volume (m<sup>3</sup> per year) = ((0.0373 x Rateable Value) – 24)
- Assessed sewerage volume (m<sup>3</sup> per year) = 95% x ((0.0373 x Rateable Value) – 24)

Supply Points with Rateable Value below £RV650 will be assigned 0 volume by Scottish Water.

Assessed meter sizes, based on Rateable Value, will be allocated to Supply Points on the following basis.

Rateable Value		Assessed Meter size
up to & including	£RV70,000	20mm
Above £RV70,000 up to & including	£RV170,000	25mm
Above £RV170,000 up to & including	£RV280,000	40mm
Above £RV 280,000 up to & including	£RV1,675,000	50mm
More than £RV 1,675,000		80mm

### 2.1.6.1 Re-assessments for Supply Points which remain un-metered

Where the Licensed Provider believes that the assessed meter size and/or assessed consumption at a Supply Point are not representative of the actual consumption requirements, they may request a re-assessment in accordance with the Operational Code.

Wholesale charges for all re-assessed premises will be calculated using metered charges based on the following parameters:

- Water and Sewerage Meter Based Annual Charges based on an Assigned Meter size for a 20mm meter;
- Volumetric Water and Foul Sewerage Charges – the Assigned Volume will be derived from Scottish Water’s re-assessed annual consumption at a premises and the consumption bands shown below; and
- Return to Sewer (where applicable) of 95%.

	Range of Re-assessed Annual Consumption		Assigned Annual Water Volume	Assigned Annual Foul Sewerage Volume (95% Return)
	Range in m <sup>3</sup> per year			
	Low	High		
<b>Group 1</b>	0	19.99	10	9.5
<b>Group 2</b>	20	99.99	60	57
<b>Group 3</b>	100	299.99	200	190
<b>Group 4</b>	300	619.99	460	437
<b>Group 5</b>	620	939.99	780	741
<b>Group 6</b>	940	1,259.99	1,100	1,045
<b>Group 7</b>	>=1,260		1,420	1,349

Successful re-assessment requests received by Scottish Water from Licensed Providers will apply from the date the application is received by Scottish Water.



### **2.1.7 Charges in respect of Part-Residential Premises**

Business Charges will apply at dwellings which are part of a dual-use premises where the LCRA record for the premises includes an Apportionment Note, these premises are termed Part-Residential. In such circumstances all Rateable Value based charges will be based on the full property Rateable Value i.e. the Rateable Value of the premises had it not been apportioned between the dwelling and the business.

At unmetered dual-use premises with no Apportionment Note, including non-rated business premises such as farms, unmeasured Council Tax based water and sewerage charges will apply to the dwelling and assessed charges will apply to the business. Where a meter has been installed meter related charges will be levied on the business premises, subject to Resale conditions (Appendix 4) and both household (Council Tax based) and business property and roads drainage charges will apply.

## **2.2 Scottish Government Exemption Scheme**

An exemption scheme with respect to Water and Sewerage Charges was developed by the Scottish Government and implemented by The Water and Sewerage Charge (Exemption) (Scotland) Regulations 2002. The exemption scheme has qualification requirements as stated in the regulations<sup>2</sup>, and is therefore not available to all Supply Points. The scheme is restricted to qualifying organisations which received charitable relief on 31st March 1999. Supply Points occupied by qualifying organisations are exempt from Scottish Water's charges for Water and Sewerage Services until April 2015, provided they continue to satisfy the qualification requirements.

Supply Points which qualified for the exemption scheme on or after 31 March 2006 including Supply Points which, whilst always eligible, only claimed their exemption on or after 31 March 2006 will attract a credit from Scottish Water which will be set against the wholesale charges to the Licensed Provider while Supply Points continue to be eligible for the exemption. The Licensed Provider is responsible for providing evidence to Scottish Water, annually, of the continued entitlement to exemption for all qualifying Premises.

The credit will be applied monthly based on the number of exempt Supply Points reported at the previous annual submission.

The annual Supply Point credit is applied in relation to the services provided by the Licensed Provider. The credit payments from Scottish Water to the Licensed Provider for each service supplied by the Licensed Provider are:

- Licensed Provider supplies the Water Service £14.87
- Licensed Provider supplies the Sewerage Service £13.91
- Licensed Provider supplies both Water and Sewerage Services £28.78

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<sup>2</sup> For updates to the exemption scheme including qualification requirements please refer to the Scottish Government's website at [www.scotland.gov.uk](http://www.scotland.gov.uk).

## **2.3 Water and Sewerage Services Utilised for Fire Fighting Purposes<sup>3</sup>**

### **2.3.1 Meter Based Annual Charges**

Where the Supply Point requires additional water and sewerage capacity solely for existing fire fighting purposes, and the Supply Point concerned was constructed prior to 1 April 2003<sup>4</sup>, Scottish Water will make allowance for the fire fighting capacity as set out in this section 2.3.1.

Where Supply Points have been given such an allowance, Water Meter Based Annual Charges and Capacity Volume thresholds will be based on an assessed water meter size. The assessed water meter size will be based on the size of the water meter which would be required for “normal” domestic use, i.e. the water demand other than for fire fighting purposes supplied to the Supply Point. Foul Sewerage Meter Based Annual Charges will also be derived from the assessed water meter size and the charges in the Part 2 of the Charges Scheme will apply in the same way as they are applied to all other Supply Points. Supply Points with fire tariff agreements can be supplied through combination meters. Combination meters have two dials with each dial considered to be an individual meter with distinct Physical and Tariff Meter Sizes. In such cases one of these meters will be assigned a Tariff Meter Size of 0mm and the other will be assigned a Tariff Meter Size based on the “normal” domestic use. The Allocated and Capacity Tranche for the combination meter will be those associated with the non-0mm meter. The water volumetric charges will apply to the aggregate consumption through both meters less any water associated with fire related activities. Sewerage Charges will be determined using the same approach but reflecting the sewerage Tariff Meter Size and appropriate return to sewer volume for the Supply Point.

### **2.3.2 Volumetric Charges**

No volumetric charges will be applied to the proportion of Water and Sewerage Services supplied to Supply Points which are utilised for fire fighting, the testing of fire fighting apparatus or fire fighting training purposes.

Where the Licensed Provider considers that Water and Sewerage Services supplied to a Supply Point have been utilised for the purposes outlined above, it must apply for an allowance to Scottish Water, with the supporting evidence required in accordance with Process 26 of the Operational Code. No allowances will be applicable unless an application has been made to Scottish Water and all such allowances applied will be subject to review and agreement by Scottish Water. Any reduction in the charged volume applied by Scottish Water will be based on the previous consumption profile at the Supply Point, where available.

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<sup>3</sup> For further details of Scottish Water’s policy on Water and Sewerage Services utilised for fire fighting purposes please refer to Scottish Water’s “Fire Tariff Agreement and Fire Fighting Allowance Policy” in force from time to time and set out on the Licensed Provider Portal of Scottish Water’s website

<sup>4</sup> Supply Points constructed after 1 April 2003 will not be given an allowance as the provision of water for fire fighting purposes should have been constructed from a point in the supply prior to the meter, i.e. a separate supply source.

### **2.3.3 Charges applicable to Fire Stations**

Where the Supply Point is a fire station, Water Meter Based Annual Charges will be based on an assessed water meter size. The assessed water meter size will be based on the size of the water meter which would be required for “normal” domestic use, i.e., the water demand other than for fire fighting (as well as training and apparatus testing) purposes supplied to the Supply Point. Foul Sewerage Meter Based Annual Charges will also be derived from the “normal” domestic water use.

### **3. PRIMARY CHARGES FOR WATER**

#### **3.1 The Water Charge**

Subject to the provisions of this Part 1, the Water Charge is applied to all Supply Points with a measured piped supply of water where the installation, type and size of the meter in question has been approved or accepted by Scottish Water<sup>5</sup>. At Supply Points with an unmeasured piped supply of water, Water Charges will apply to assessed volumes and meter sizes described in Section 2.1.6.

Scottish Water will install meters at new Supply Points (including those allocated under the gap site procedure) and the Water Charge will apply. An assessment will be made of the charges to apply retrospectively.

The Water Charge has two components:

- a) a Meter Based Annual Charge; and
- b) a Volumetric Charge.

##### **3.1.1 The Water Meter Based Annual Charge**

The Water Meter Based Annual Charge is based on the size of the water meter on each water supply. Annual meter related charges are shown in Part 2 and are applied on a daily basis (refer to Section 2.1.2).

If the exact size of the water meter existing at the Supply Point is not listed within Part 2 of the Charges Scheme, the Meter Based Annual Charge applied for meters greater than 20mm will be that listed for the next size down with all relevant charges, including phasing premiums applied<sup>6</sup>. For unquoted meters greater than 0mm and less than 20mm, the 20mm charges, including phasing premiums that relate to volumetric charges, will apply.

##### **3.1.2 Tariff and Physical Meter Sizes**

The records to be held by the CMA for each measured connection will contain three entries reflecting the “Physical Meter Size”, the “Tariff Meter Size” for water and the “Tariff Meter Size” for sewerage. Charges are based on the “Tariff Meter Sizes”. Generally the “Physical Meter Size” and the “Tariff Meter Sizes” are the same. However, there are circumstances in which the sizes will differ, such as the following in relation to Water Services:

- Where the physical capacity of a water meter differs from the demand of the Supply Point and it has not been practical to change the meter, i.e. the “Tariff Meter Size” will reflect the physical demand at the Supply Point; and

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<sup>5</sup> Unless and until the installation, type and size of the meter in question is approved or accepted by Scottish Water, the water supply will be charged on assessed meter size and consumption.

<sup>6</sup> For example, if the existing meter at the Supply Point is 43mm, then the Meter Based Annual Charge applied will be that for a 40mm meter.

- Where a metered connection provides a fire-fighting capability, the “Tariff Meter Size” will, (as opposed to the “Physical Meter Size”) reflect the non-fire-fighting demand of the Supply Point (See Section 2.3 for further information).

### **3.1.3 Multiple measured supplies**

Where two or more measured supplies feed the same Supply Points, the Meter Based Annual Charge will be calculated separately for each supply unless such arrangement has been required by Scottish Water for operational purposes. In such cases one of these meters will be assigned a Tariff Meter Size of 0mm and the other will be assigned a Tariff Meter Size based on the size of metered connection that would have been provided if the operational constraints had not existed. The Allocated and Capacity Tranche for the Supply Point will be those associated with the non-0mm meter. The water volumetric charges will apply to the aggregate consumption through all meters. Sewerage Charges will be determined using the same approach but reflecting the appropriate return to sewer volume for the Supply Point.

### **3.1.4 Electro-magnetic meters**

Supply Points with an electro-magnetic meter will have meter based annual charges and volumetric allowances based on the Tariff Meter Size that would be required to supply the demand of the Supply Point. The Tariff Meter Size will be based on the previous year’s usage taking into account:

- peak flows;
- the frequency of peak flows; and
- seasonal patterns.

Scottish Water shall identify these flow rates by the use of data logging equipment and the Licensed Provider will be liable for any associated reasonable costs. If the electromagnetic meter has been installed at the Licensed Provider’s request they will be responsible for the associated costs of installing the logger.

The annual tariff review will not be applicable to those Supply Points which require reserved capacities or, where private supplies such as boreholes are normally in use to supplement the public supply but the maximum meter size is required in case of drought, faulty extraction apparatus etc. The Tariff Meter Size will be based on the physical size of the meter in these circumstances.

For further details of Scottish Water’s policy on Electro-magnetic meters please refer to the Electromagnetic Meter Policy in force from time to time.

### **3.1.5 The Water Volumetric Charge**

The Water Volumetric Charge is applied to all consumption recorded on the water meter(s) or the estimated consumption where the meter is discovered to have stopped recording, other than to the allowance given for water used for fire-fighting or fire training purposes (see Section 2.3 for further information )

Volumetric Charges feature three volume components:

- **Allocated Tranche** – volume up to 20m<sup>3</sup> on every meter size. No volume charges apply.
- **Standard Volumes** – all volumes beyond the Allocated Tranche (i.e. annual consumption above 20m<sup>3</sup> at any meter). This charge element is a declining block tariff that is common across all meter sizes; and
- **Capacity Volume** – volumes beyond the Allocated Tranche (i.e. annual consumption above 20m<sup>3</sup> at any meter), up to the Capacity Volume Threshold (unique for each meter size). The Capacity Volume therefore overlaps with Standard Volumes.

The specific charge applicable is based on a stepped tariff, which is applied to the total annual water consumption at a Supply Point and is also dependent on whether that Supply Point was subject to a Large User Volume Agreement (LUVA) in 2006/07.

Where two or more measured supplies feed the same Supply Point, the Allocated Tranche and the Capacity Volumes for each meter will be aggregated and applied at a Supply Point level. The Standard Volume charges apply to the aggregated volume of the meters above the Allocated Tranche.

No volume charges apply if the volume of water used is less than 20m<sup>3</sup>. All volumetric thresholds (Allocated Tranche and Capacity Volume) are annual figures. These will be applied proportionally for Supply Points that are occupied and connected for less than the full Fiscal Year. 20mm phasing premiums and LUVA adjustments are also annual figures and apply proportionally according to the length of time the Supply Point and its meters continue to have the appropriate properties<sup>7</sup>.

The Standard Volume tariffs apply to all consumption recorded on the water meter(s), excluding the Allocated Tranche at the Supply Point. Additionally, the Capacity Volume Charge applies to the volume below the Capacity Volume Threshold (unique for each meter size).

### **3.2 Field troughs and drinking bowls**

Charges apply to unmeasured connections and apply per trough or drinking bowl irrespective of the field being in grass or crop. The Charge will apply for each trough or drinking bowl. A fixed element is built into each tariff and therefore the Water Meter Based Annual Charge, as described above, does not apply.

Field troughs and drinking bowls fall into two categories:

1. Farms (excluding Crofts and Registered Small Holdings); and
2. Crofts and Registered Small Holdings.

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<sup>7</sup> A Supply Point will no longer have the appropriate properties:

- with regards to the 20mm phasing premium where there is a change in tariff meter to a size larger than 20mm; and
- with regards to the Large User Volume Agreement where a customer with such an agreement is no longer supplied from that Supply Point.

Before Crofts and Small Holdings charges will be applied, the Licensed Provider will be required to provide evidence annually of the Supply Points being either a registered Croft under Crofting legislation, or provide a Small Holding Registration Number granted by the Scottish Government.

### **3.3 Outside Taps**

The Outside Taps Charge applies to all external taps at Supply Points (including farms) where Water Charges are not based on Rateable Value nor is the supply through a water meter. A fixed element is built into each tariff and therefore the Water Meter Based Annual Charge, as described above, does not apply.

Outside taps fall into two categories:

1. Farms (excluding Crofts and Registered Small Holdings) and other Supply Points; and
2. Crofts and Registered Small Holdings.

Before Crofts and Small Holdings charges will be applied, the Licensed Provider will be required to provide evidence annually of the Supply Points being either a registered Croft under Crofting legislation, or provide a Small Holding Registration Number granted by the Scottish Government.

## **4. PRIMARY CHARGES FOR SEWERAGE (Including Trade Effluent)**

### **4.1 The Sewerage Service**

#### **4.1.1 Sewerage Charges and Trade Effluent Charges**

In Part 2 of the Charges Scheme, Sewerage Charges relate to charges for Foul Sewerage Services and Surface Water Drainage Services and Trade Effluent Charges apply to Trade Effluent Services.

#### **4.1.2 The Foul Sewerage Charge**

Subject to the provisions of this Part 1, the Sewerage Charge is applied to all Supply Points which:

- are drained to the Public Sewerage System, or have a drain connected, either directly or through an intermediate sewer or drain, to the Public Sewerage System provided for foul water or surface water or both; or
- are Supply Points having the benefit of facilities which drain to the Public Sewerage System or drain so connecting; or
- have a septic tank overflow that drains to the Public Sewerage System.

For connected new Supply Points allocated under the gap site procedure, the Foul Sewerage Charge will apply and an assessment will be made of the charges to apply retrospectively.

##### **4.1.2.1 Components of the Sewerage Charge**

The Sewerage Charge has four components:

1. a Meter Based Annual Charge;
2. a Volumetric Charge;
3. a Rateable Value based Charge for Property Drainage; and
4. a Rateable Value based Charge for Roads Drainage.



### **4.1.3 The Foul Sewerage Meter Based Annual Charge**

The Foul Sewerage Meter Based Annual Charge is based on the size of the water meter on each water supply. Annual meter related charges (shown below) are applied on a daily basis (see 2.1.2). At Supply Points that have not yet been metered, Sewerage Meter Based Annual Charges will apply to assessed meter sizes as described in 2.1.6).

If the exact size of the water meter existing at the Supply Points is not listed within Part 2 of the Charges Scheme, the Meter Based Annual Charge for meters greater than 20mm will be that listed for the next size down with all relevant charges applied<sup>8</sup>.

#### **4.1.3.1 Tariff and Physical Meter Size**

The records to be held by the CMA for each metered connection will contain three entries reflecting the “Physical Meter Size”, the “Tariff Meter Size” for Water and the “Tariff Meter Size” for sewerage. Charges are based on the “Tariff Meter Sizes”. Generally the “Physical Meter” and the “Tariff Meter” sizes are the same. However, there are circumstances in which the sizes will differ such as the following in relation to Sewerage Services:

- Where the physical capacity of a water meter differs from the demand of the Supply Points and it has not been practical to change the meter, i.e., the “Tariff Meter Size” will reflect the demand of the Supply Point;
- Where a metered connection provides a fire-fighting capability, the “Tariff Meter Size” will (as opposed to the “Physical Meter Size”); reflect the non-fire-fighting demand of the Supply Point (See Section 2.3 for further information);
- Where the Supply Point has a Trade Effluent discharge, the Foul Sewerage Meter Based Annual Charges are derived from the size of the water meter that is required to provide the non-industrial water use. In such cases, Scottish Water will determine the non-industrial water demand and assess the appropriate water meter size to determine the Sewerage Meter Based Annual Charge; and
- Where a low “return to sewer” has been assigned to the Supply Points, i.e. a smaller water meter would be required to provide the volume of water that is returned to the sewer.

The Foul Sewerage Meter Based Annual Charge will not apply where the return to sewer allowance (see section 4.1.4) is 0% i.e. the “Tariff Meter Size” will be 0mm and the volume thresholds are not in use.

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<sup>8</sup> For example, if an existing meter at the Supply Point is 43mm, then the Meter Based Annual Charge applied will be that for a 40mm meter. For unquoted meters less than 20mm the 20mm charges apply.

#### **4.1.4 The Foul Sewerage Volumetric Charge**

The Foul Sewerage Volumetric Charge is applied to 95% of all consumption recorded on the water meter, or the estimated consumption where the meter is discovered to have stopped recording, or the assessed consumption. The volume component is not applied to water used for fire fighting or fire training purposes (See Section 2.3 for further information). At Supply Points that have not yet been measured, sewerage volumetric charges will apply to assessed volumes as described in 2.1.6. At Trade Effluent Discharge Points non-industrial water demand is charged as Foul Sewerage Volumetric with the appropriate Sewerage Meter Based Annual Charge as described in section 4.2.6.1.

##### **4.1.4.1 Exceptions to the 95% return to sewer allowance**

Where the Licensed Provider can show to Scottish Water's satisfaction, that a figure less than 95% of the measured water volume supplied to the Supply Points is being returned to sewer on an average long term basis, a reduced volume percentage (a return to sewer allowance) representing that average long term return will be applied to the volumetric charge.

Where more than one meter supplies the Supply Points, a return to sewer allowance will only be applied to meters where it has been adequately demonstrated that less than 95% of the water supplied by that meter returns to sewer. Where there is a change of occupier or a change of use at the Supply Points, the Chargeable Volume will revert to 95%.

Where a Supply Point qualifies for a return to sewer allowance, the reduced volume percentage applied will be taken into account when deciding on the appropriate meter size to be used when charging measured Foul Sewerage Meter Based Annual Charges. In such cases, Scottish Water will assess the appropriate meter size to determine the Measured Fixed Sewerage Charge.

Return to sewer allowances will apply from the date on which the Licensed Provider has demonstrated to Scottish Water's satisfaction that such an allowance is justified i.e. the point at which a full application, including all relevant information, is received. All return to sewer allowances applied, are subject to review by Scottish Water. Such reviews will be undertaken through contact with the Licensed Provider.

When Licensed Providers become aware that an applied return to sewer allowance at a Supply Point no longer accurately reflects the actual volume of water returning to sewer, they must inform Scottish Water forthwith and without delay.

#### 4.1.4.2 Components of Volumetric Charges

Volumetric Charges feature three components:

- **Allocated Tranche** – volume up to 20m<sup>3</sup> on every meter size. No volume charges apply.
- **Standard Volumes** – all volumes beyond the Allocated Tranche (i.e. annual consumption above 20m<sup>3</sup> at any meter); and
- **Capacity Volume** – volumes up to the Capacity Volume Threshold, beyond the Allocated Tranche,

No volume charges apply if the volume of sewage returned to the sewer is less than 20m<sup>3</sup>. All volumetric thresholds (Allocated Tranche and Capacity Volume) are annual figures. These will be applied proportionally for Supply Points that are occupied or connected for less than the full Fiscal Year.

Where two or more measured supplies feed the same Supply Points, the Allocated Tranche and the Capacity Volumes for each meter will be aggregated and applied at a Supply Points level.

#### 4.1.5 Property Drainage Charges

Where any rainwater drains to the Public Sewerage System from the property, then Property Drainage Charges will apply.

Area based Property Drainage Charges are only applicable to Supply Points that qualified for the Charge in 2005-06.

#### 4.1.6 Roads Drainage Charges

Roads Drainage Charges are charged to all properties that have a connection to the Public Sewerage System.

### 4.2 Trade Effluent

#### 4.2.1 The trade effluent charge

The Trade Effluent Charge is payable in respect of Trade Effluent Services at Supply Points issued with a permanent (as opposed to temporary) discharge consent<sup>9</sup>. Trade Effluent has the meaning given in Appendix 1 of this Part 1. In this section, references to foul sewage and sludge are to those received at Scottish Water's sewerage treatment plants. Charges for discharge points which are issued with a temporary consent will be as defined in Section 5.12.

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<sup>9</sup> For a Supply Point with a "Letter of Authorisation", Trade Effluent charges will not apply. Trade Effluent volumes will be included in the Foul Sewerage Volumetric Charge.

#### 4.2.1.1 Trade Effluent Charge components

The Trade Effluent Charge is made up of two components:

1. the Availability Charge at a rate per calendar day; and
2. the Operating Charge at a rate per cubic metre (m<sup>3</sup>).

Trade Effluent charging is subject to a minimum charge per annum. For each charging year it is the greater of:

- a) the minimum charge for the Fiscal Year, apportioned according to the proportion of the year that the DPID is in charge; or
- b) the sum of the components (a) and (b) below.

#### 4.2.2 The Availability Charge

The Availability Charge is derived from the number of calendar days in the year for which the availability is provided, and is calculated according to the charging components for daily volume, suspended solids load and oxygen demand load, derived from the expression:

$$nD \times [CDV \times (Ra + Va) + (Ba \times sBODI) + (Sa \times TSSI)]$$

Where:

nD	=	Number of calendar days per annum of availability
Ra	=	Reception charging component in pence/m <sup>3</sup> per calendar day
Va	=	Volumetric/Primary charging component in pence/m <sup>3</sup> per calendar day
Ba	=	Biological Capacity charging component in pence/Kg per calendar day
Sa	=	Sludge Capacity charging component in pence/Kg per calendar day
CDV	=	Chargeable Daily Volume of the Trade Effluent in m <sup>3</sup>
sBODI	=	Settled Biochemical Oxygen Demand load of the Trade Effluent
TSSI	=	Total Suspended Solids load of the Trade Effluent

#### 4.2.3 The Operating Charge

The Operating Charge is calculated according to the nature, composition and volume of the effluent discharged in the respective period at a rate per cubic metre (m<sup>3</sup>) derived from the expression:

$$AVD \times [Ro + Vo + Bo \times (Ot/Os) + So \times (St/Ss)]$$

Where:

AVD	=	Actual Volume Discharged in m <sup>3</sup>
Ro	=	Reception charging component in pence/m <sup>3</sup>
Vo	=	Volumetric/Primary charging component in pence/m <sup>3</sup>
Bo	=	Secondary Treatment charging component in pence/m <sup>3</sup>

So	=	Sludge Treatment charging component in pence/m <sup>3</sup>
Ot*	=	the fixed strength (settled Chemical Oxygen Demand) of the Trade Effluent
Os	=	the standard strength of settled Chemical Oxygen Demand of the foul sewage
St*	=	the fixed strength (settleable solids) of the Trade Effluent
Ss	=	the standard strength of settleable solids in the foul sewage

\*Ot and St are derived from analysis of samples of the Trade Effluent, or according to the assessed strength of the effluent or any standard strength of the relevant type of Trade Effluent. Ot is derived after one hour's quiescent settlement at a pH of 7.

#### 4.2.4 Application of Mogden Components

##### Mogden Based Charging Components 'Ra' and 'Ro' (Reception)

The availability unit charge 'Ra' and operational unit charge 'Ro' recover the costs associated with receiving foul water into the sewer and its conveyance through all our sewers and pumping stations, other than those used solely for surface water and those pumping stations with rising mains discharging directly to sewage treatment works .

##### Mogden Based Charging Components 'Va' and 'Vo' (Volumetric)

The availability unit charge 'Va' and operational unit charge 'Vo' recover the costs associated with volumetric and preliminary or primary treatment which includes:

- (a) all pumping stations with rising mains discharging directly to sewage treatment works,
- (b) all inlet works, including screening, comminution, grit removal and pre-aeration,
- (c) all primary settlement units other than storm treatment works,
- (d) all tidal tanks,
- (e) tertiary treatment for reduction of the concentration of residual suspended solids,
- (f) all outfalls for treated sewage.

##### Mogden Based Charging Components 'Ba' and 'Bo' (Biological)

The availability unit charge 'Ba' and operational unit charge 'Bo' recover the costs associated with biological (secondary) treatment which includes:

- (a) Biological filtration plants and humus tanks, including recirculation, alternating double filtration and humus sludge pumping,
- (b) activated sludge plants and final settling tanks, including returned sludge pumping,
- (c) the proportion of total sludge treatment and disposal costs associated with secondary sludge treatment and disposal.

##### Mogden Based Charging Components 'Sa' and 'So' (Solids)

The availability unit charge 'Sa' and operational unit charge 'So' recover the costs associated with managing the sludge generated from the treatment which includes:

- (a) pumping or otherwise conveying (e.g. by tanker) sludge to treatment and disposal,
- (b) sludge dewatering and treatment, including digestion, conditioning, consolidation, drying, storage, incineration and disposal.

#### **4.2.5 Calculation of Fixed Strengths (Ot and St)**

In the application of Mogden based trade effluent charges, Ot and St are derived from the analytical results of the sampling activities of the previous year. In exceptional circumstances, Scottish Water may exclude, or if at the request of a Licensed Provider, agree to the exclusion of, data which is not typical of the effluent quality.

Ot and St are generally fixed for the Fiscal Year. Where it becomes apparent that the Ot and St being used for charging are no longer representative of the average strength across the year then Scottish Water, in consultation with the Licensed Provider, may reassess the strengths from the date this becomes apparent.

The analytical data used to establish Ot and St will be supplied to Licensed Providers prior to the start of the Fiscal Year in which these will be used for charging. Requests for modification of Ot and St proposed by Scottish Water should be made within 8 weeks of the data being supplied, if the modification is to apply from the start of the Fiscal Year. If Scottish Water agrees, requests by the Licensed Provider to modify Ot and St applying to a discharge will apply from the date the request is made.

For new discharges, or where limited or no sampling data is available, Scottish Water will apply Ot and St values based on the following:

- a) Average data from similar discharges; or
- b) Samples taken over a different period but which can be shown to be representative; or
- c) 80% of the consented limit for settled Chemical Oxygen Demand (for Ot) and Suspended Solids (total) (for St).

##### **4.2.5.1 Trade effluent sampling by Licensed Providers**

The costs for Trade Effluent sampling activities are included within the trade effluent charge. Where trade effluent sampling is undertaken by Licensed Providers the costs involved will be credited back to the Licensed Provider. The credit will be applied monthly in the primary wholesale charges bill. The amount to be credited back will be based on the following costs:

- taking and transporting each sample                      £29.59 per sample
- analysing each sample.    See Part 2, appendix 2

#### **4.2.6 Application of the Trade Effluent Charge**

The following conditions will apply with regard to the application of the Trade Effluent Charge:

- Where preliminary treatment, biological oxidation or sludge treatment is not normally provided or is provided only in part for the Trade Effluent, the whole or due proportion of the respective charging component V, B or S is omitted as follows:

	PTI	SSI	BTI
<b>Sub-primary</b>	0	0	0
<b>Primary</b>	1	2/3 <sup>rds</sup>	0
<b>Secondary</b>	1	1	1

- Each of the charging components, and the due proportion under B and S, are ascertained by Scottish Water on an annual basis.

PTI = Preliminary Treatment Indicator – applies to Va and Vo components within the Availability and Operating charges formulae

BTI = Biological Treatment Indicator – applies to Ba and Bo components within the Availability and Operating charges formulae

SSI = Sewage Sludge Indicator – applies to Sa and So components within the Availability and Operating charges formulae

The CMA will calculate charges based on the provision of secondary treatment, regardless of the level of treatment provided. In situations where secondary treatment is not provided, Scottish Water will calculate the secondary charge and the charge that should apply using the above factors, and notify the CMA of the appropriate discount. Scottish Water will use one cubic metre of effluent at the appropriate fixed strength, and a period of one day to calculate the operating and availability charges when determining the discount.

#### 4.2.6.1 Trade effluent discharge volumes

For the majority of trade effluent Discharge Points, the volume of effluent discharged is based on metered water,

- Where the metered water includes non-industrial water use this demand is determined by Scottish Water<sup>10</sup> and deducted from the volume of effluent discharged as a domestic allowance. The non-industrial water demand is charged as Foul Sewerage Volumetric with the appropriate Sewerage Meter Based Annual Charge.
- Where the metered water includes water that is not discharged back into the Public Sewerage System this demand is determined by Scottish Water and deducted from the volume of effluent discharged as a production / process allowance.

If a Licensed Provider requests a change to the calculated allowance, which is agreed by Scottish Water, this will apply from the date on which the Licensed Provider has demonstrated to Scottish Water's satisfaction that such an allowance is justified i.e. the point at which a full application, including all relevant information, is received.

#### 4.2.6.2 Un-metered Supply Points / private water supplies / sewerage meters

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<sup>10</sup> The non-industrial water use determined by Scottish Water will be specified in the consent.



For an un-metered Supply Point with a Trade Effluent consent, Trade Effluent charges will not normally apply. Trade effluent volumes will be included in the Assessed Sewage Volume unless the Trade Effluent volume is made up wholly or in part from imported materials. Un-metered sites importing materials which create a discharge to sewer will be subject to Trade Effluent charges on volumes assessed from import records.

Sites using private water supplies in their Trade Effluent process are required to install a meter on the private supply in order that the volume of effluent discharged to sewer can be assessed and the appropriate charge applied.

Where the Annual Volume Discharged is established through the use of a sewerage meter and the rainwater which drains from the Supply Point is also recorded by the meter Licensed Providers may request a standard annual allowance. The standard annual allowance will be calculated using the area of the property from which the run-off to the sewer is recorded by the waste meter and the average rainfall for the local area. When making such a request Licensed Providers should provide details of the area of the property from which the run-off to the sewer is recorded by the waste meter. Successful application requests or requests for amendment will apply from the date on which the Licensed Provider has demonstrated to Scottish Water's satisfaction that such an allowance is justified i.e. the point at which a full application, including all relevant information, is received.

#### **4.2.7 Seasonal Discharges**

A seasonal discharge is defined as one that occurs during regular defined periods of the year and is constrained by the natural and seasonal availability of raw products. In these circumstances, the volume, BOD and TSSI factors used in the calculation of the Availability Charge will be as shown below:

$$[(\text{Volume 1} \times \text{length of period 1}) + (\text{Volume 2} \times \text{length of period 2}) + (\text{Volume 3} \times \text{length of period 3}) + (\text{Volume 4} \times \text{length of period 4})]/12$$

$$[(\text{BOD 1} \times \text{length of period 1}) + (\text{BOD 2} \times \text{length of period 2}) + (\text{BOD 3} \times \text{length of period 3}) + (\text{BOD 4} \times \text{length of period 4})]/12$$

$$[(\text{TSSI 1} \times \text{length of period 1}) + (\text{TSSI 2} \times \text{length of period 2}) + (\text{TSSI 3} \times \text{length of period 3}) + (\text{TSSI 4} \times \text{length of period 4})]/12$$

A 20% premium will apply to the availability charge for registered seasonal dischargers.

The volume, the sBODI and the TSSI for each period and the duration of each period will be specified in the consent. There will be a maximum of 4 periods definable, with no period being shorter than one month, and a year will comprise 12 months, i.e. all months are equal in length in this calculation. The consent document will also show the availability parameters applying in the individually consented periods but not the calculated availability parameters.

Where a Discharge Point with a seasonal discharge consent is either discontinued or terminated, the Licensed Provider will be charged the full value of the availability charges for the period the consent is in operation.

#### 4.2.8 Recovery of Extra-ordinary Costs

Where it can be demonstrated that a discharge of Trade Effluent caused events which resulted in extra-ordinary costs to Scottish Water, i.e. costs not recovered through the Trade Effluent Charge to Licensed Providers, the occupier of the Discharge Point giving rise to the discharge, or the holder of the Trade Effluent consent, as appropriate, will be held liable for such costs and will be charged by Scottish Water.

Extra-ordinary costs may relate to physical damage to assets and costs arising from clean-up costs or additional sampling costs, as a result of a non-compliant discharge, or costs arising from effecting a discontinuation of Trade Effluent Services. Scottish Water may recover costs of pre-emptive measures taken to minimise the impact on Scottish Water's assets of anticipated breaches of discharge consent.

#### 4.2.9 Treatment Cap

Capped Trade Effluent arrangements in respect of future increased levels of treatment provided at Scottish Water waste water treatment works continue to be available. Any new arrangements will be phased out over four years (including a grace year) so that in year five standard published charges apply to the affected discharge points. This is consistent with the policy published by the Commission in December 2006. As set out in the Commission's policy, the first year is a grace year followed by the phased removal of caps commencing in year two.

Phased charges are calculated so that, before allowing for the impact of changes in underlying variables (volume, strength, consent parameters and prices), the wholesale charge will grow in the same proportion each year. This avoids imposing the heaviest monetary increases on customers in the first year of phasing.

For example, a customer who was charged £500 (at a retail level) in year 0, but would have been charged £1,000 under Scottish Water's standard published charges, can be said to have a 50% discount in year 0. The following table shows the discounts in each year of phasing that will give a constant annual growth rate in the wholesale charge relating to the customer.

##### Phasing of capped Trade Effluent arrangements in respect of treatment

Year	0	1	2	3	4
Notional uncapped charge	£1,000	£1,000	£1,000	£1,000	£1,000
Notional capped charge	£500	£500	£629	£794	£1,000
Discount	50%	50%	37%	21%	0%

Notional growth rate	n/a	0%	26%	26%	26%
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For discharge points affected by a capped Trade Effluent arrangement in respect of treatment, a discount may be calculated for 2011/12 by the method described above. The discount will be applied to the wholesale charge calculated for that discharge point in accordance with the standard charges published in this wholesale charges scheme.

More detail on the process and calculation of phased charges for discharge points affected by capped Trade Effluent arrangements are available in *Trade Effluent Capping a Technical Note*, published by the Commission in February 2008.

#### **4.2.10 Discontinuation or termination of the Trade Effluent Service**

No discount relating to the removal of capping will be applied upon resumption of a Trade Effluent service at a discharge point where the service has previously either been discontinued or terminated.

## **5. OTHER WHOLESALE SERVICES (NON-PRIMARY CHARGES)**

### **5.1 Verification of service provision**

If a Licensed Provider considers that a Supply Point is being charged for services that it does not receive or that the meter details held by the CMA for the site are not correct the Licensed Provider can request that Scottish Water investigate the services provided to the site. There is no charge for this work if the service details held by the CMA prove to be incorrect.

A standard charge will apply where Scottish Water's investigations confirm that the recorded services and/or meter details are correct or the service arrangements have been changed without notification to Scottish Water. The standard charge is based on a single person service, if additional resources are required Scottish Water will charge the Licensed Provider the Reasonable Costs Incurred of the actual work involved. Additional Charges will be applied if the visit is required to be made out-with Standard Hours.

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete a survey or any work in connection with the verification of service provision, due to actions of the Licensed Provider or of the Customer.

### **5.2 Water Bylaws Inspection - Repeat Visit Charge**

After an initial Water Bylaws Inspection where Scottish Water has found contraventions, a programme and timescale for remedial works will be agreed with the Customer. Scottish Water will charge the Licensed Provider if the programme and timescales are not adhered to resulting in the need for additional inspections. Additional Charges will be applied for repeat visits that require to be made out-with Standard Hours. If additional resources are required Scottish Water will charge the Licensed Provider the Reasonable Costs Incurred of the actual work involved.

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete a survey or any work in connection with a water bylaws inspection – repeat visit, due to actions of the Licensed Provider or of the Customer.

### **5.3 Water Supply Shut-off and Reconnection**

#### **5.3.1.1 Temporary Disconnection**

Where a Licensed Provider requests a temporary disconnection from the water supply at occupied Supply Points, Scottish Water will charge the Licensed Provider:

- a Survey Charge to determine if a temporary disconnection is viable and to determine, where viable, the likely cost of both temporary disconnection and subsequent permanent disconnection as well as possible reconnection; and
- a standard charge where the standard disconnection process applies, as defined in the Disconnection Code and where no pipe-work alteration is required.

The level of charges for the Survey Charge and the charge for the temporary disconnection will depend on if the requested disconnection is under Appendix 3<sup>11</sup> or Appendix 4<sup>12</sup> of the Disconnections Document (December 2007). The level of charge for the Survey Charge will further depend on whether the survey is to be carried out during or out-with Standard Hours.

Meter Based Annual Charges will continue to apply for each period of temporary disconnection shut-off regardless of whether the disconnection was requested by the Licensed Provider or initiated by Scottish Water.

### **5.3.1.2 Non-standard Disconnections**

Where the non-standard disconnection process applies, as defined in the Disconnection Code, or where the Supply Point to be disconnected is on a shared supply or where pipe-work alteration is required Scottish Water will charge the Licensed Provider:

- a Survey Charge for determining if a temporary disconnection is viable and the likely cost of both temporary disconnection and subsequent permanent disconnection as well as possible reconnection. All costs incurred securing access to permit the survey to be undertaken (e.g. legal costs) may also be recovered; and
- a charge based on the Reasonable Costs Incurred of the actual work involved which may include the recovery of any costs incurred to secure access to allow the work to be undertaken (e.g. legal costs).

### **5.3.1.3 Advanced Commitment Reduced Charge**

Where a survey reveals that a standard disconnection can be made at a Supply Point, it is possible to carry the disconnection out immediately following the survey.

If a Licensed Provider commits to paying standard disconnection fees in advance of a survey, Scottish Water offers a reduced charge that reflects the need only to visit a Supply Point once to undertake both the survey and standard disconnection. In these cases the Advanced Commitment Reduced Charge applies.

Where a Licensed Provider commits to paying standard disconnection fees in advance of a survey and the survey reveals that the disconnection cannot be made immediately following the survey and this is not due to an error or omission on the part of Scottish Water, the Advanced Commitment Reduced Charge is not applicable and the Licensed Provider will be charged the appropriate disconnection charges in full. The Advance Commitment Reduced Charge does not apply where the property has been disconnected for non-payment.

## **5.3.2 Permanent Disconnection**

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<sup>11</sup> License Providers requesting disconnections in relation to non-payment, denying access to a meter or failure to provide a refundable deposit by the Non-household Customer.

<sup>12</sup> Disconnections prompted by the Non-household Customer.

Where the Licensed Provider requests a permanent disconnection on behalf of its customer, Scottish Water will charge the Licensed Provider:

- a Survey Charge to determine if a permanent disconnection is viable and produce a quotation for undertaking the permanent disconnection; and
- the quoted price if Scottish Water is instructed to complete the permanent disconnection.

The level of charges for the Survey Charge and the disconnection will depend on whether or not the activity, be it the survey or the permanent disconnection, is required to be carried out during or out-with Standard Hours.

Permanent disconnection may also occur if a non-household customer is found to have illegally used water and/or sewerage services, or, if a temporary disconnection continues for a period in excess of three months.

### **5.3.3 Inspection Charges**

An Inspection Charge will apply where Scottish Water is required to approve a permanent disconnection that has been carried out by a third party. The level of charges for the inspection will depend on whether or not the inspection is required to be carried out during or out-with Standard Hours.

### **5.3.4 Reconnection Charges**

Scottish Water will apply charges where a Licensed Provider requests that the water supply at occupied Supply Points which was previously temporarily disconnected be reconnected. Standard charges will apply where no pipe-work alteration is required and where the standard disconnection process applied (as defined in the Disconnection Code) to the earlier disconnection.

Where the non-standard disconnection process applied (as defined in the Disconnection Code) to the earlier disconnection or where pipe-work alteration is required as part of the reconnection, Scottish Water will charge the Reasonable Costs Incurred.

### **5.3.5 Abortive Visit Charges**

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete a survey or any work in connection with temporary or permanent disconnections or reconnections, due to actions of the Licensed Provider or of the Customer.

## **5.4 Discontinuation and Re-establishment of Trade Effluent Service**

Scottish Water will, when requested to do so by a Licensed Provider, visit the Supply Points of a Licensed Providers Customer to determine if a temporary discontinuation of the Trade Effluent service is viable and to determine where viable the likely cost of both the temporary and subsequent permanent discontinuation as well as the possible reconnection. A Survey Charge will apply in every case. Where it is determined that it is possible to discontinue the Trade Effluent Service by physical means the Licensed Provider will be charged the Reasonable Costs Incurred for undertaking this work.

If the discontinuation cannot be achieved by physical means, Scottish Water will take further steps to attempt to discontinue the service. Scottish Water will charge the Licensed Provider, based on Reasonable Costs Incurred, for all work undertaken in relation to the requested discontinuation, even if this proves to be unsuccessful.

If the discontinuation is achieved by non-physical means, this will apply from the date on which the Licensed Provider has demonstrated to Scottish Water's satisfaction that the discontinuation is justified i.e. the point at which a full application, including all relevant information, is received.

Scottish Water will apply charges where a Licensed Provider requests that the Trade Effluent Service at occupied Supply Points which was previously temporarily discontinued be re-established.

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete any work in connection with discontinuation and re-establishment of trade effluent service, due to actions of the Licensed Provider or of the Customer.

### **5.5 Reported Supply Failure**

If a Licensed Provider reports to Scottish Water that the supply of water and Sewerage Services has been interrupted and Scottish Water can demonstrate that the interruption is due to the action of the occupier of the Supply Points and that the Licensed Provider registered to the Supply Points had not taken reasonable steps to establish if this was the case, the Licensed Provider will be charged a standard charge. The standard charge is based on a single person service, if additional resources are required Scottish Water will charge the Licensed Provider the Reasonable Costs Incurred of the actual work involved. Additional Charges will be applied if the visit is required to be made out-with Standard Hours.

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete any work in connection with reported supply failure, due to actions of the Licensed Provider or of the Customer.

### **5.6 Investigation of Reported Water Supply Pipe burst<sup>13</sup>**

If a Licensed Provider reports to Scottish Water a suspected burst water pipe which they believe is under Scottish Water's ownership and it is subsequently established by Scottish Water that the burst water pipe is on a pipe under the ownership of the occupier of the Supply Points registered to that Licensed Provider, the Licensed Provider will be charged a standard charge. The standard charge is based on a single person service, if additional resources are required Scottish Water will charge the Licensed Provider the Reasonable Costs Incurred of the actual work involved. Additional Charges will be applied under these circumstances if the visit is required to be made out-with Standard Hours.

The Licensed Provider will pay Abortive Visit charges if Scottish Water is unable to complete any work in connection with the investigation of a reported water supply pipe burst, due to actions of the Licensed Provider or of the Customer.

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<sup>13</sup> For details of Scottish Water's policy on water supply pipe bursts, please refer to the Wholesale Burst Allowance Policy, in force from time to time, available on the Licensed Provider Portal of the Scottish Water website.

## **5.7 Metering Services**

### **5.7.1 Meter Installation**

Scottish Water will meter unmeasured Supply Points:

- 1) at no additional charge, where a Licensed Provider requests a meter to be installed at a previously unoccupied Supply Point; or
- 2) at a Licensed Provider's request where the Licensed Provider has agreed to pay for the installation before the work has been carried out.

#### **5.7.1.1 Meter Installation charges**

Where a Licensed Provider has agreed to pay for the installation Scottish Water will apply the following charges:

- a) a Survey Charge to determine if installation is viable and, where viable, the likely cost of installation; and
- b) standard charges, where the connection is standard i.e. access is unhindered and no pipe-work alteration is necessary

The level of Survey Charge and the level of standard charge will depend on whether or not the activity, be it the survey or the installation, is required to be carried out during or out-with Standard Hours.

#### **5.7.1.2 Non-standard Installation charges**

Where the installation is non-standard Scottish Water will charge:

- a) a Survey Charge to determine whether the installation is viable and the likely cost of installation; and
- b) the Reasonable Costs Incurred of the actual work involved.

Where Scottish Water has installed a meter following a Licensed Provider's request, charges will be applied on a metered basis immediately following the installation. The Licensed Provider cannot have a meter removed after one has been fitted.

### **5.7.2 Changing of meter at the request of a Licensed Provider**

If the Licensed Provider requests Scottish Water to change a water meter that serves a Supply Points with a Supply Point(s) registered to them, the Licensed Provider will be subject to the following charges:

- a) a Survey Charge to determine, if a meter exchange is appropriate, viable; and, where viable, the likely cost of the meter exchange; and
- b) the Reasonable Costs Incurred of the actual work involved .



The level of charges for the Survey Charge will depend on whether or not the survey is required to be carried out during or out-with Standard Hours.

#### **5.7.2.1 Electro-magnetic meters<sup>14</sup>**

Similar charges apply where a Licensed Provider requests an electro-magnetic meter to replace the existing mechanical meter at a Supply Point.

Existing electro-magnetic meters will not be physically exchanged in size unless the flow rate changes to an extent that it is judged, by Scottish Water, to be out with the recommended flow range and accuracy bands for the meter size.

Where a Licensed Provider requests an electro-magnetic meter to replace the existing mechanical meter at a Supply Point it will be required to meet all installation costs and the full purchase price of the electro-magnetic meter if the current meter is less than 10 years old and deemed to be in good working order by Scottish Water.

Where the existing mechanical meter is more than 10 years old and Scottish Water determines that it has reached the end of its working life the Licensed Provider will be charged the difference between that meter and the cost of a suitable mechanical meter which would otherwise have been installed. Any additional installation or maintenance costs will also be charged to the Licensed Provider at reasonable cost.

Where the current electro-magnetic meter is more than 10 years old but Scottish Water considers that it is still operating to the accuracy requirements under the relevant legislation, the Licensed Provider will be liable for all installation costs and the full purchase price of the electro-magnetic meter.

The installation and ongoing care of all electro-magnetic meters will be subject to the terms and conditions in Scottish Water's Revenue Meter Policy, Terms and Conditions of Supply and the Licensed Provider's Wholesale Services Agreement.

#### **5.7.3 Replacing a Faulty/Damaged Meter**

Licensed Providers are responsible for the due care of a water meter existing on a Supply Point to which they are registered. Where a water meter is faulty/damaged and needs to be replaced, the Licensed Provider is subject to the following charges, if the fault/damage was caused by an act or omission of the Licensed Provider or its Customer:

- a) a Survey Charge to determine if a meter is faulty/damaged, the cause of the fault/damage and the likely cost of the replacement; and
- b) the Reasonable Costs Incurred of the actual work involved.

The level of Survey Charge that will apply where the fault/damage was caused by act or omission of Licensed Provider or its Customer will depend on whether or not the survey is required to be carried out during or out-with Standard Hours.

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<sup>14</sup> For details of Scottish Water's policy on Electro-magnetic meters please refer to the Electromagnetic Meter Policy, in force from time to time, which can be found on the Wholesale Portal of the Scottish Water website.

Scottish Water will notify the Licensed Provider in advance of the Reasonable Costs Incurred.

#### **5.7.4 Meter Accuracy Test**

If the Licensed Provider believes a water meter is not registering accurately, they must notify Scottish Water who will arrange to have it tested. Scottish Water will arrange for the meter to be tested and the test results will be confirmed to the Licensed Provider within 20 Business Days of Scottish Water removing the meter from the Supply Points, other than where there are exceptional circumstances beyond Scottish Water's reasonable control such as road or street works.

##### **5.7.4.1 Meter Reading Accurately**

Where the "tested" meter is found to be accurate to within 5% of the actual volume passing through it, the Licensed Provider will be charged:

- a) a Survey Charge to establish the work required in carrying out the test. A Survey Charge will apply in every case; and
- b) the Reasonable Costs Incurred of the actual work involved.

The level of Survey Charge will depend on whether or not the survey is required to be carried out during or out-with Standard Hours.

The standard charge (for meters up to and including 50mm) includes the recovery of the meter from the chamber where no excavation is required. For meters greater than 50mm or where excavation is required, i.e. non-standard, the charge is based on the Reasonable Costs Incurred.

##### **5.7.4.2 Meter Reading Inaccurately**

If the test results confirm the meter is not accurate to within 5%, no Survey Charge or testing fee will be charged by Scottish Water. Any refund or additional charges payable as a result of an inaccurate meter reading will be determined in accordance with the 1980 Act.

#### **5.7.5 Abortive Visit Charges**

For all metering services, Abortive Visit charges will apply when Scottish Water is prevented from undertaking a survey or any work and this is due to actions of either the Licensed Provider or the Customer or erroneous information provided by either the Licensed Provider or the Customer.

## 5.8 Development Services

Development in the form of household, business or industrial growth places demands on Scottish Water's assets and resources. To ensure the efficient use of these assets a series of development charges apply. These charges fall into three categories:

- a) Infrastructure charges;
- b) Services to construction sites; and
- c) Application fees, Connection charges and inspection fees.

The route for securing these services varies depending on the nature of the development. The table below shows the various routes. The charges covered in Part 2 of the Charges Scheme relate to the services provided through Licensed Providers.

	<b>Self-Build Houses</b>	<b>Commercial House Development</b>	<b>Non-Household Development</b>
Infrastructure Charges	Direct from Scottish Water	Direct from Scottish Water	<b>Secured through Licensed Provider</b>
Services to construction sites	Direct from Scottish Water	Direct from Scottish Water	<b>Secured through Licensed Provider</b>
Application Fees, Connection Charges and Inspection Fees	Direct from Scottish Water	Direct from Scottish Water	<b>Secured through Licensed Provider</b>

### 5.8.1 **Infrastructure Charges**

For new Supply Points or Supply Points which have not previously been connected to Scottish Water's water or waste water network, an infrastructure charge will be payable for each new Supply Point connected to:

- a) the public water mains; and
- b) the waste water system.

Where sites are redeveloped, Infrastructure Charges will apply to each Supply Point that will exist at the end of the redevelopment.

In relation to business and industrial developments that comprise of a number of sub-units, such as a shopping centre, the infrastructure charges will apply to each of the sub-units within the development.

## 5.8.2 Services to construction sites<sup>15</sup>

Water supplies to a site which is being prepared for development e.g. grouting, will be metered.

Where a site is served by an existing meter the Licensed Provider must ensure,

- i. the occupier is the sole party served by the existing meter,
- ii. the occupier is also the party wishing to use the construction site services<sup>16</sup>; and
- iii. Scottish Water is in agreement that the services can be supplied through the existing meter.

Otherwise the Licensed Provider must ensure a separate metered temporary connection is made.

Standard Water Volumetric Charges and Fixed Charges apply.

### 5.8.2.1 Site Accommodation

Where the water and/or sewerage supply to site accommodation on a building site is fed from an un-metered mains supply, fixed and volumetric charges will apply. These charges will be in addition to any building water charges. Fixed Charges will apply based on the current 20mm meter based annual charges and the number of weeks the supply has been made available. Volumetric charges will be applied using the current metered volumetric charges and an assessment of the volume of water used. The assessment of the volume of water and sewerage used will be calculated using the following formulae:

Water: Number of people using site accommodation x Weeks On-Site x PCC<sup>17</sup>

Sewerage: Number of people using site accommodation x Weeks On-Site x PCC<sup>18</sup> x 95%

### 5.8.2.2 Water for Building Work – Business & Industrial Developments

In addition to the services required for site accommodation (5.8.2.1), building water charges apply to water taken from the public supply for use in construction activities.

The building water charge for the supply of un-metered water used in the building of business and industrial developments will be based on a percentage of the estimated cost reported in planning permission applications and building warrant approvals. The estimated cost is the total price of the contract less the value of any pre-mixed concrete.

Metered building water supplies will be permitted at business and industrial developments provided the meter records all water used in construction activities and does not record water used in occupied elements of the development. Where a site is served by an existing meter the Licensed Provider must ensure a separate temporary connection is made to serve the construction activities. Metered water

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<sup>15</sup> Exemptions from water and sewerage charges under the Scottish Government Exemption Scheme do not apply to charges for services to construction sites.

<sup>16</sup> Lease sites may also be considered, where the occupier of the site served by the existing meter is leasing the land to the party wishing to use the construction site services

<sup>17</sup> Per Capita Consumption (PCC) for Site Accommodation charges will be based on the procedure for calculating volume at re-assessed unmeasurable premises.

<sup>18</sup> See footnote 14 above.

supplies for building work will be charged Standard Water Volumetric Charges and Meter Based Annual Charges.

Scottish Water will charge the Reasonable Costs Incurred of providing and removing a water supply.

### **5.8.3 Application Charges**

We charge a fee for each application received for connection(s) to the Public Water Supply System and Public Sewerage System.

### **5.8.4 Water Connection Charges**

Scottish Water will undertake connections to the Public Water Supply System for all self build houses and commercial house development. In relation to non-household development Licensed Providers will be able to choose an accredited contractor to undertake the final connection or to continue to use Scottish Water to make the connection. All connections must be made in compliance with construction standards set out in Water for Scotland. The charges described in this section 5.8.4 relate to connections undertaken by Scottish Water.

If the Communication Pipe has an outside diameter of less than or equal to 32mm, and where the connection is not to a Trunk Main, a standard charge will apply based on the labour and materials required to complete the pipe-laying work only for connection to the Public Water Supply System. The Licensed Provider will be responsible for:

- a) Arranging all excavation work (or providing suitable ducts, or both);
- b) Filling in and reinstating the footpath and road; and
- c) Providing all materials (other than those required for pipe-laying) including water toby (external stopcock) or meter chamber.

In relation to providing additional connections to existing premises, for example refurbishment, the Licensed Provider is responsible for all internal pipework arrangements.

If the Communication Pipe has an outside diameter greater than 32mm, or if the connection is to a Trunk Main, Scottish Water will charge the Reasonable Costs Incurred of actual work involved.

Water Connection Charges involving connections to commercial house developments, i.e., where the development is exclusively households, will be billed to the developer directly by Scottish Water.

Water Connection Charges for tie-ins at mixed development (households and non-households) will be allocated by Scottish Water between the housing developer and the Licensed Provider of the developer of the commercial development.

The cost of installing a meter is included within the Water Connection Charges.

#### **5.8.4.1 Changes to Water Connection Charges**

There may be occasions when Scottish Water is required to review Water Connection Charges where circumstances change. This may be where:

- 1) The work carried out by Scottish Water is delayed for reasons beyond its control;
- 2) Scottish Water has introduced a new set of charges before the Licensed Provider confirms that they have laid their internal supply pipework;
- 3) The work carried out by Scottish Water has to be done outwith normal working hours;  
or
- 4) The Licensed Provider has not laid the internal supply pipework within three months of Scottish Water having set the charge.

#### **5.8.5 Inspection Charges**

An Inspection Charge will apply where Scottish Water is required to approve a water connection where the Licensed Provider has made the water connection to a self lay main constructed by agreement with us in accordance with Water for Scotland guidelines.

An Inspection Charge will apply where Scottish Water is required to approve a sewerage connection where the Licensed Provider has made the sewerage connection.

Inspection Charges involving connections to commercial house developments, i.e. where the development is exclusively households, will be billed to the developer directly by Scottish Water.

### **5.9 Provision of information**

Scottish Water receives enquiries about the location of its services from a range of organisations and individuals and for a range of purposes. In some instances charges will apply, in other circumstances charges will not apply.

#### **5.9.1 When charges will not apply**

Plans can be inspected given three hours notice in advance. Three working days is required notice if several sets of plans need to be made available. There is no charge for inspecting plans at Scottish Water offices.

Scottish Water will not charge Licensed Providers who ask for copies of plans showing the location of Scottish Water assets on Supply Points registered to them.

There is no charge if the plans requested are to allow Scottish Water's pipelines and other assets to be located to avoid damage during site investigation works, excavation or other activities or to minimise potential safety and operational issues.

Local Authorities, Statutory Undertakers or in relation to enquiries regarding prospective 29E departures.

## **5.9.2 When charges will apply**

Charges will apply when Licensed Providers request copy plans of asset locations on land that is not registered to them. Scottish Water will make a charge for any other administration or consultation for this type of service, such as site visits or advice while inspecting plans.

VAT will be chargeable at the applicable rate in line with HMRC regulations.

## **5.10 Fire hydrants**

### **5.10.1 Installation of a Fire Hydrant at the request of a Licensed Provider**

Section 22 of part 5 of the 1980 Act provides legislation for Scottish Water to install fire hydrants at the request and expense of a third party other than the Fire Brigade.

Where such a request is received from Licensed Providers, the following charges will apply:

- a) a Survey Charge to determine if the installation of a fire hydrant is appropriate, viable and, where viable, the likely cost of the installation; and
- b) the Reasonable Costs Incurred of the actual work involved.

## **5.11 Sampling and Laboratory Services**

When asked by a Licensed Provider to provide information, such as in relation to the quality of the drinking water provided by Scottish Water, and that information is beyond the obligations placed on Scottish Water to make information publicly available, Scottish Water shall produce a quotation to provide the services required.

### **5.11.1 The scale of the Charge**

Sampling and laboratory services are based on quotation

## **5.12 Temporary Trade Effluent Consents**

Temporary Trade Effluent consents will be issued for short term discharges of effluent, typically from site remediation or construction activities, of no longer than six months. A consent will be issued for such discharges which will be valid for six months. After six months the consent will automatically terminate.

Where the proposed consented discharge volume and/or loads comprise a substantial proportion of the flow to a sewerage treatment works Scottish Water may issue a full consent and charge accordingly.

Scottish Water reserves the right to authorise and charge for short term discharges other than those from site remediation or construction activities, dependant on the proposed volume or nature of the discharge.

### **5.13 Any other goods and services provided**

Any other goods and services provided will be charged at the Reasonable Actual Cost of providing the service.

#### **5.13.1 The Scale of the Charge**

Other goods and services provided will be charged based on the Reasonable Costs Incurred.



## Appendix 1

### Definitions and Acronyms

Allocated Tranche	This is the volume of water (or sewerage) that is included within the meter based annual charges. Effectively a volumetric rate of Op is applied to the volume in the Allocated Tranche.
Apportionment Note	Has the meaning set out in Section 1 of Schedule 5 of the Local Government Finance Act 1992.
Assessed Meter Size	Meter Size used to calculate wholesale charges at Supply Points which remain un-metered following Scottish Water's meter installation programme.
Assessed Volume	Consumption used to calculate wholesale charges at Supply Points which remain un-metered following Scottish Water's meter installation programme.
Assigned Meter Size	Meter Size, assigned as 20mm used to calculate wholesale charges at Supply Points, which remain un-metered following Scottish Water's meter installation programme but which have been subject to re-assessment..
Assigned Volume	Consumption used to calculate wholesale charges at Supply Points which remain un-metered following Scottish Water's meter installation programme but which have been subject to re-assessment.
Business Day	Any day other than a Saturday, a Sunday or a bank holiday in Scotland under the Banking and Financial Dealings Act 1971.
Capacity Volume	This is the volume to which the Capacity Volume Charge applies. The Capacity Volume is the Capacity Volume Threshold less the Allocated Tranche.
Capacity Volume Charge	This is a charge that is applied to the Capacity Volume.
Capacity Volume Threshold	This is the volume, unique for each meter size, at which the Capacity Volume Charge ceases to apply.
Chargeable Volume	The volume of water and/or sewerage used in the calculation of water and/or Sewerage Charge.
Charges Scheme	Scottish Water's Charges Scheme as from time to time made by Scottish Water, and approved by The Commission, under Section 29A of the 2002 Act.
CMA	Has the meaning set out in the Market Code.
Commission	The Water Industry Commission for Scotland
Communication Pipe	The pipe/connection from the boundary of the Supply Points to the public system.
Council Tax	Has the meaning set out in Section 70 (1) of the Local Government Finance Act 1992.
Cumulo Rateable Value	Has the meaning specified in Appendix 3.
Croft	Has the meaning set out in the Crofters (Scotland) Act 1993.
Customer	A Customer of a Licensed Provider, who is supplied with Water Services

	and/or Sewerage Services by that Licensed Provider.
Discharge Point	Has the meaning defined in the Market Code.
Eligible Premises	Eligible Premises under section 27 of the 2005 Act.
Fiscal Year	Scottish Water's accounting period running from 1 <sup>st</sup> April to 31 <sup>st</sup> March.
Large User Volume Agreement	A written agreement between the Licensed Provider and its Customer which sets out the volumetric charge specified in Part 2 of the Charges Scheme, for the supply of water to the Supply Points of that Customer.
LCRA	The Local Council Regional Assessors who are the body responsible for determining the Rateable Value of a Supply Points.
Licensed Provider	Any person licensed to provide Water Services and/or Sewerage Services under the 2005 Act.
Licensed Provider Portal	Accessed through the Scottish Water website this is the gateway to Scottish Water's wholesale services. You can use this site to request services and access useful information on our policies, practices and activities.
Market Code	The code designated as such by or under the Water Services (Codes and Services) Directions 2007 (or any other direction which amends, replaces or supplements, or is made in respect of substantially the same subject matter as that direction.
Physical Meter Size	The actual size of a water meter used in the measurement of the volume of water supplied to a Supply Points.
Property Drainage Charges	Has the meaning specified in Section 4.1.5.
Public Water Supply System	This term is defined in the 2005 Act.
Public Sewerage System	This term is defined in section 29 of the 2005 Act.
Rateable Value	The monetary valuation in £ of a Supply Points determined by the LCRA used by Scottish Water for the purposes of determining certain wholesale charges.
Reasonable Costs Incurred	Relates to the actual costs of the resources to be deployed including attributable overheads. Charges calculated using this approach will use one hour as the average travel time in addition to the on-site time.
Re-assessed Meter Size	Meter Size based on Re-assessed volume, for Supply Points which remain un-metered following Scottish Water's meter installation programme but which have been subject to re-assessment.
Re-assessed Volume	Consumption used by Scottish Water to the determine the assigned volume for Supply Points which remain un-metered following Scottish Water's meter installation programme but which have been subject to re-assessment.
Roads Drainage Charges	Has the meaning specified in Section 4.1.6.
Scottish Water	A body corporate established under section 20 of the 2002 Act.
Sewerage Charge	Has the meaning specified in Section 4.1.
Sewerage Services	Making arrangements for, or in relation to the provision of sewerage to, or the disposal of sewage from, the Supply Points of another person through the Public Sewerage System.
Standard Hours	8am to 6pm on Business Days.
Supply Point	Has the meaning defined in the Market Code. Water and Sewerage Supply Points are defined analogously.

Tariff Meter Size	The size of a water meter used to determine the fixed water and/or Sewerage Charge to Licensed Providers for water and/or Sewerage Services supplied to a Supply Points through a water meter.
The 1980 Act	Refers to the Water (Scotland) Act 1980.
The 2002 Act	Refers to the Water Industry (Scotland) Act 2002.
The 2005 Act	Refers to the Water Services etc. (Scotland) Act 2005.
The Commission	The Water Industry Commission for Scotland established under Section 1 of the 2002 Act.
Trade Effluent	Means any liquid, either with or without particles of matter in suspension therein, which is wholly or in part produced in the course of any trade or industry carried on at trade Supply Points, including trade waste waters or water heated in the course of any trade or industry and, in relation to any trade Supply Points, means such liquid as aforesaid which is so produced in the course of any trade or industry carried on at those Supply Points.
Trade Effluent Charge	Is defined within Section 4.2.
Trade Effluent Services	The meaning of "Trade Effluent Services" is set out in section 20(15) of the 2005 Act.
Trunk Main	A public water supply pipe connected to a water treatment works or water service reservoir.
Water Charges	Has the meaning specified in Section 3.1.
Water Services	Making arrangements for or in relation to the supply of water to the Supply Points of another person through the Public Water Supply System.
Wholesale Services Agreement	An agreement between Scottish Water and a Licensed Provider, setting out the terms and conditions of the relationship between the parties, as required by section 16 of the 2005 Act.

## Appendix 2

### Departures from Part 2 of Scottish Water's Charges Scheme

#### 1. Schedule 3

##### 1.1 Charge calculation

Schedule 3 covers those agreements, known under the 2005 Act as **relevant agreements**, which were in existence at the commencement of Schedule 3<sup>19</sup> and through which Scottish Water charged a person in respect of an eligible premises (a **relevant customer**) outside of the Charges Scheme for services provided in exercise of its core functions.

The Commission must assess the charges payable by the relevant customer under the agreement (the **relevant charges**) during any period to which a charge scheme applies. The relevant charges are therefore the maximum retail charge a Licensed Provider may demand and recover from the relevant customer under the agreement.

Where a Licensed Provider makes arrangements for the provision of any services to which relevant charges apply and is accordingly entitled to demand and recover charges from a relevant customer for that provision, the Commission must determine an amount less than the relevant charges, as assessed (referred to as the **relevant amount**). The relevant amount is therefore the maximum wholesale charge Scottish Water may demand and recover from a licence provider for the services to be provided under the agreement.

The Commission has provided a notice to each relevant customer setting out details of the relevant charges (the maximum retail charge) and relevant amount (the maximum wholesale charge) payable under its agreement. Copies of these notices have been provided to Scottish Water and each Licensed Provider. The Commission has also published on its website details of the relevant amounts only for each relevant customer.

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<sup>19</sup> Schedule 3 commenced on 1 July 2005. From this date Scottish Water has been unable to create any new relevant agreements and none of the existing relevant agreements may be extended or renewed in any way. Accordingly, all customers with relevant agreements will, on the expiry of those agreements, revert to paying charges in accordance with Part 2 of the Charges Scheme published by the Commission.

## **1.2 Agreement termination<sup>20</sup>**

### **1.2.1 Agreements ending between 1 April 2010 and 31 March 2011**

For Supply Points where the relevant agreement ended between 1 April 2010 and 31 March 2011, during the period in which Part 2 of the Charges Scheme is in force (i.e. between 1 April 2011 and 31 March 2012), charges will be based on 67% of the charges payable under the relevant agreement, adjusted for inflation, and 33% on the relevant charges within Part 2 of the Charges Scheme. In 2012/13 charges payable under the relevant agreement will be calculated as 33% of the charges payable under the relevant agreement, adjusted for inflation, and 67% on the published Part 2 Charges Scheme rates. From April 2013 the customer will pay based on the published Part 2 Charges Scheme rates only.

### **1.2.2 Agreements ending between 1 April 2011 and 31 March 2012**

For Supply Points where the relevant agreement ends during the period in which Part 2 of the Charges Scheme is in force (i.e. between 1 April 2011 and 31 March 2012), the charges payable under the relevant agreement will continue to apply through to 31 March 2012. In 2012/13 charges payable under the relevant agreement will be based on 33% of the charges payable under the relevant agreement, adjusted for inflation, and 67% on the published Part 2 Charges Scheme rates. From April 2013 the customer will pay based on the published Part 2 Charges Scheme rates only.

### **1.2.3 Agreements ending between 1 April 2012 and 31 March 2013**

For Supply Points where the relevant agreement ends between 1 April 2012 and 31 March 2013, the charges payable under the relevant agreement will continue to apply through to 31 March 2013. From 1 April 2013 the customer will pay based on the published Part 2 Charges Scheme rates only.

### **1.2.4 Agreements ending after 1 April 2013**

For Supply Points where the relevant agreement ends after 1 April 2013, the charges payable under the relevant agreement will continue to apply for the remainder of the fiscal year in which the Schedule 3 expires. From the start of the Fiscal Year after the Schedule 3 expires, the customer will pay based on the published Part 2 Charges Scheme rates only.

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<sup>20</sup> For Supply Points where the relevant agreement ends on the last day of the fiscal year (31 March), the charges payable under the relevant agreement do not continue, i.e. they do not extend into the next fiscal year, and phased or full charges apply as described in sections 1.2.1 and 1.2.4. For example, a Supply Point where the relevant agreement came to an end on the 31 March 2011, the charges payable under the relevant agreement do not continue into 2011/12. The 2011/12 charges, as described above, will be based on 67% of the charges payable under the relevant agreement, adjusted for inflation, and 33% on the published wholesale charges set out in Part 2 of the Charges Scheme. In 2012/13 charges will be calculated as 33% of the charges payable under the relevant agreement, adjusted for inflation, and 67% on the published wholesale charges. From 1 April 2013 the customer will pay based on the published wholesale charges in Part 2 of the Charges Scheme only.

## **2. Section 29E**

### **2.1 Charge calculation**

Provisions with respect to applications for departure from Part 2 of the Charges Scheme in accordance with Section 29E of the 2002 Act are provided within Clause 7 of each Licensed Provider's Wholesale Services Agreement.

## **Appendix 3**

### **1. Rateable Value**

#### **1.1 Premises built or last modified prior to 31 March 2000**

Premises built or last modified prior to 31 March 2000 will be charged using the Rateable Value assigned to the premises at 31 March 2000 by the LCRA. Scottish Water will accept revisions to the 31 March 2000 Rateable Value to reflect any successful appeals that are upheld by the LCRA against the 31 March 2000 Rateable Value. Rateable Values that are revised under appeal will only be used in the calculation of future charges from the date that the appeal is upheld and will not entitle Licensed Providers to any refunds of water or sewerage charges.

#### **1.2 Premises built or last modified between 1 April 2000 and 31 March 2005**

Premises built or last modified between 1 April 2000 and 31 March 2005 will be charged using the Rateable Value assigned to the premises at 31 March 2005 by the LCRA. Scottish Water will accept revisions to the 31 March 2005 Rateable Value to reflect any successful appeals that are upheld by the LCRA against the 31 March 2005 Rateable Value. Rateable Values that are revised under appeal will only be used in the calculation of future charges from the date that the appeal is upheld and will not entitle Licensed Providers to any refunds of water or sewerage charges.

#### **1.3 Premises built or last modified between 1 April 2005 and 31 March 2010**

Premises built or last modified between 1 April 2005 and 31 March 2010 will be charged using the Rateable Value assigned to the premises at 31 March 2010 by the LCRA. Scottish Water will accept revisions to the 31 March 2010 Rateable Value to reflect any successful appeals that are upheld by the LCRA against the 31 March 2010 Rateable Value. Rateable Values that are revised under appeal will only be used in the calculation of future charges from the date that the appeal is upheld and will not entitle Licensed Providers to any refunds of water or sewerage charges.

#### **1.4 Premises built or last modified since 1 April 2010**

Premises built or last modified since 1 April 2010 will be charged using the Rateable Value most recently assigned to the premises by the LCRA including revisions to reflect any successful appeals that are upheld by the LCRA against the Rateable Value. Changes to the Rateable Value initially assigned by the LCRA to reflect modifications or appeals will be used for future charges. Revisions to Rateable Value as the result of an appeal, upheld by the LCRA, will entitle Licensed Providers to rebates of water and sewerage charges, effective from the beginning of the Fiscal Year in which the appeal is upheld by the LCRA.

#### **1.5 Cumulo Rateable Value**

Where the Rateable Value has been assigned to a Supply Point other than by the LCRA (commonly referred to as Cumulo Rateable Value and generally relating to facilities operated by utilities), the

assigned value will be used as the basis for charging Rateable Value based charges, unless modified in agreement with Scottish Water. Where there is a Cumulo Rateable Value pertaining to a specific utility organisation, this should not be allocated to one Supply Point but should be allocated to all the relevant Supply Points to which it relates. Where this cannot be done, then an alternative means of identifying the Supply Points relevant to a Cumulo Valuation is required. Premises holding Supply Points built after March 2010 will use the Rateable Value allocated from that date.



## **Appendix 4**

### **Water Resale**

#### **What does water re-sale mean if you are a householder?**

If you don't receive a bill for your water and waste water services in your home direct from Scottish Water or through your Council Tax bill this may be because your landlord, factor or mobile-home site owner (known as the water re-seller) receives the overall bill and they may then charge you for these services.

If your landlord or factor receives the bill for water services direct they may then charge you for your share of these services. This is known as water re-sale and there are rules that the re-seller (who could be your landlord or factor) has to comply with. The rules are designed to ensure that you are treated fairly by limiting the amount that you can be charged.

#### **What does water re-sale mean if you are a water re-seller?**

The introduction of retail competition in the water industry in Scotland for businesses means that all non-household properties now receive a bill direct from their chosen Licensed Retailer.

As a water re-seller you may wish to pass these charges onto your individual households/tenants and if you do re-sale rules will apply. These rules are there to provide you with information and guidance on charging for water and waste water services.

#### **When do re-sale rules apply?**

The rules apply when a water re-seller bills you direct at your main residence for the water and waste water services that you receive, rather than you being billed from Scottish Water or through your Council Tax bill.

#### **Are there circumstances when the rules don't apply?**

The water re-sale rules do not apply if charges passed on are in relation to:

- holiday homes;
- second homes;
- private services (water and/or waste water);
- businesses; or
- to any supply of water used for non-domestic purposes as defined in the 1980 Act.

## **What are the water re-sale rules?**

If you are a water re-seller you can recover no more than the value of the water and waste water invoices you receive from your Licensed Retailer plus administration charges<sup>21</sup> which are also capped.

To invoice for water services a re-seller must:

- decide on a method of allocating the invoices across all supplied properties (households non-households) including, where appropriate, identification of how services used by the re-seller are dealt with;
- advise each affected householder of the chosen method and provide examples of how the calculations will be undertaken, including scenarios dealing with a changes in circumstances such as changes in occupancy or vacant properties; and
- advise each affected householder of the administration charges that will apply.

The administration charges are:

- For affected households that do not have a private meter – not more than £5.40 per year.
- For affected households that do have a private meter – not more than £10.80 per year.

For each invoice the re-seller must, provide a summary to each affected householder, which demonstrates that the invoices have been allocated correctly within the rules and that the sum of the bills is greater than the invoice only by the sum of the administration charges (refer to example shown in Appendix 4A).

The methods available to re-sellers for allocating invoices across properties include, but are not limited to, one or more of the following:

- the number of households;
- the volume of water through each private meter;
- the number of people in each household;
- the Council Tax band of each household;
- the total floor space of each household; and
- the number of bedrooms in each household.

## **Can re-sellers provide a better deal?**

Competition in the water industry in Scotland will mean re-sellers have the opportunity to choose from which Licensed Retailer to buy water and wastewater services. These benefits of a competitive market will in turn be passed on to the householder/tenant, therefore it is important that re-sellers should be aware of all the options.

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<sup>21</sup> The administration fee is designed to deal with the administration costs to the re-seller of sub-dividing the water and waste water invoice between households/tenants, plus the cost of maintaining the water meter(s).

Re-sellers are required to test the market regularly and to keep a record of the apparent benefits of switching in order to make an informed decision of whether or not to change Licensed Retailers. Records should be made available to householders/tenants on request.

If householders believe they can get a better deal they should contact their re-seller. Householders can seek a Court Action if the re-seller has not or cannot provide records to show they have tested the market.

### **What if a householder thinks they are being charged incorrectly?**

The re-seller must make information available to householders/tenants about how each individual bill has been calculated. If a householder thinks they are being charged incorrectly then this is a private matter between the householder and the re-seller. Scottish Water cannot become involved in any disputes between the householder and the re-seller.

If the householder thinks they have been overcharged they should firstly bring the matter to the attention of the re-seller. If the householder has paid the bill and then realises that they have been overcharged, and the re-seller does not provide a rebate, they can take the re-seller to the civil courts to recover the amount of overpayment.

If householders find themselves in this position they may wish to consult a local Citizens Advice Bureau or solicitor for advice.

### **Definitions:**

**“affected householder”** means where a contractual arrangement for water resale is in place the person responsible to the re-seller for payment and in the absence of any contractual arrangement the person having the benefit of the use of the water resold.

## Appendix 4A

### Example

The following example shows how a re-seller could demonstrate to all the affected householders within their development that the water and waste water invoices have been allocated correctly. This example is based on a development comprising of an office on the ground floor and 6 flats above.

- The office and 4 of the flats are supplied through private meters that identify the volume of water used which is recorded in the office and each flat. The two remaining flats are unmetered. The owner of the office receives invoices for the complete development and therefore is the re-seller to the other 6 premises.
- Water and waste water invoice total = £1,200 for a 3 month period. This is made up of £350 in fixed charges and £850 in volume related charges based on the amount of water used.
- The volume recorded on the main meter serving the complete development is 850 units and the retail rate is £1 per unit.
- The total volume recorded for the 3 month period of 850 units is then broken down using the volumes recorded on the individual private water meters serving the property; 400 units for the office, 75 units each for 2 of the metered flats and 50 units each for the other 2 metered flats. The remaining balance which is unaccounted for (200 units) is then shared equally between the remaining unmetered flats.
- The re-sellers stated allocation method for calculating individual bills is:
  - **Fixed charges** – shared equally across each property within development.
  - **Volume charges** – where the overall development is metered, the volume charges element can be calculated on the volumetric rate recorded on the private meter for the household/tenant. Any remaining balance of the volume charges will be shared equally between unmetered households.
- Annual Administration charges are applied quarterly. The annual charge is £10.80 per metered property and £5.40 if there is no meter.

- Charges breakdown:

	Volume	Fixed charges	Volume Charge	Admin.	Total Bill
<b>Volume reported on water and waste water invoices</b>	850 units	£350	£850 = 850 units @ £1 per unit		
<b>Office – metered</b>	400 units	£50	£400	£2.70	£452.70
<b>Flat 1 – metered</b>	75 units	£50	£75	£2.70	£127.70
<b>Flat 2 – metered</b>	75 units	£50	£75	£2.70	£127.70
<b>Flat 3 – metered</b>	50 units	£50	£50	£2.70	£102.70
<b>Flat 4 – metered</b>	50 units	£50	£50	£2.70	£102.70
<b>Total volume of sub-meters</b>	650 units				
<b>Unallocated volume</b>	200 units				
<b>Flat 5 – Unmetered</b>	allocated 100 units	£50	£100	£1.35	£151.35
<b>Flat 6 – Unmetered</b>	allocated 100 units	£50	£100	£1.35	£151.35
<b>Total recovered</b>		£350	£850	£16.20	£1,216.20

**Total paid for development:**

Fixed Charges	£350.00
Volume Charges	£850.00
Water and Waste Invoice	£1,200.00
Administration	£16.20

**Total: £1,216.20**