

Wessex Water Water Supply Licensing Indicative Access Prices 2018-19

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Introduction

This document sets out the indicative access prices for access to Wessex Water's supply network in accordance with the water supply licensing provisions of the Water Industry Act 1991 (WIA91).

Wessex Water's access prices have been developed with regard to Ofwat's guidance on access codes published in September 2011, the provisions of sections 66A-66E WIA91 and Ofwat's letter to Regulatory Directors of 18th August 2014.

Published access prices are indicative. Actual prices will be subject to contract. Our indicative access prices should be read in conjunction with our access code – a copy of which is available on our website.

Indicative access prices

Wessex Water's indicative access prices are set to enable licensees to identify current and future opportunities for wholesale or combined access. They have been calculated in accordance with the principles laid out in the Water Act and the latest guidance issued by Ofwat.

Indicative wholesale access prices are published having had regard to the recent revisions to the Water Act where there is an intention for the charging principles laid out in s66A-66E to be revised. We note that at the time of publication the relevant parts of the revised legislative framework have not yet been brought into effect by the Secretary of State and therefore s66A-66E remains in force. We assume however that for the calculation of wholesale access prices that s66A-66E no longer applies.

The prices quoted in this document are consistent with Ofwat's PR14 Final Determination in December 2014. Indicative prices are stated in 2018-19 prices, the actual prices charged will be subject to indexation using the Retail Prices Index (RPI). Prices are shown indicatively based on four standard volumes of water: 5MI, 25MI, 50 MI and 500MI. Prices are set in each case assuming an uninterrupted wholesale metered water supply service with the most economic wholesale tariff options.

The Water Act (2003) opens up competition in the water industry by providing licensed water supply companies with access to a water undertaker's network to make a supply of water available to eligible customers. At the time of publication eligible customers are non-household water customers who are likely to use at least 5 million litres of water a year on a single premise.

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Assumptions

We have made a number of assumptions in calculating our indicative access prices. These include the following:

- the licensee conforms to the terms and conditions of the common contract.
- at the time of application the new licensee will have a credit score that is equal or higher than the mean average of the credit scores applicable to all eligible customers in the company water supply licensed area weighted by annual bill value.
- that there will be no additional cost arising from the provision of services under 63AC WIA 1991 (interim supply duty)
- that the introduction of water from the licensee will not create any legal requirement for additional sampling and analysis in the company licensed area
- that any debt recovery action required to collect amounts due from the licensee will be charged to the licensee at the fully allocated cost of taking the action.
- that any account management activities required from the undertaker by the licensee (to include but not be limited to meetings, travel expenses and provision of data) will be charged at the fully allocated cost of the required activities.
- that investigations into the operation of the undertaker's assets required by the licensee will be charged to the licensee at the fully allocated cost of the investigations. Where the undertaker's own water supply customers also request investigations of the same incident the cost charged to the licensee will be the additional cost caused by the request from the licensee.
- that the licensee notifies the company of their intention to supply a customer water on 1st April of the year of entry.
- that where a licensee inputs water to the network the input gives the equivalent benefits in security of supply that would have been achieved through the undertaker's existing investment plans.

Where in practice any of the above assumptions does not hold the access price offered to a licensee may be adjusted accordingly.

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Combined supply prices

Wessex Water has a single water resource zone. The table below illustrates Wessex Water’s current resource position under peak conditions before any non-committed investment is made.

Year	Resource position under peak conditions in water resource zones without the introduction of the licensee’s water or any investment by Wessex Water that is not already under construction and over 50% committed. (Ml/day)
2018-19	26
2019-20	26
2020-21	27
2021-22	31
2022-23	35
2023-24	40
2024-25	43
2025-26	38
2026-27	39
2027-28	39
2028-29	40
2029-30	42
2030-31	43
2031-32	44
2032-33	45
2033-34	46
2034-35	47
2035-36	48
2036-37	49
2037-38	50
2038-39	51
2039-40	52
2040-41	52
2041-42	53
2042-43	53
2043-44	54
2044-45	54

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Indicative access prices

Indicative wholesale price information (£ per m3)

Use (Ml per annum)	Price base	2018-19	2019-20	2020-21	2021-22	2022-23
5	2018-19	2.1750	2.1108	1.9772	1.9950	2.0172
25	2018-19	2.0964	2.0345	1.9057	1.9229	1.9443
50	2018-19	1.9393	1.8819	1.7628	1.7787	1.7985
500	2018-19	1.3802	1.3391	1.2543	1.2656	1.2797

Indicative combined supply price information (£ per m3)

Use (Ml per annum)	Price base	2018-19	2019-20	2020-21	2021-22	2022-23
5	2018-19	2.0684	2.0073	1.8803	1.8972	1.9184
25	2018-19	1.9899	1.9311	1.8089	1.8252	1.8456
50	2018-19	1.8326	1.7784	1.6659	1.6809	1.6997
500	2018-19	1.2733	1.2353	1.1571	1.1676	1.1806