

Indicative Access Charges 2020/21

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Under the Water Act 2003 we are required to publish each year indicative access prices for licensees who want to access our network to provide their services to customers.

These are **indicative** access prices to inform potential entrants. We will provide case-specific prices tailored to the specific needs of a licensee on application for access. This may require some adjustment to the assumptions underlying the indicative access prices, which may lead to differences between indicative and case-specific prices provided to a licensee.

The base wholesale price underlying the indicative access price depends upon the service required – our Wholesale Scheme of Charges includes a full list of current prices for 2020/21. We have also published Indicative Wholesale Charges for 2021/22.

Indicative prices for Licensees providing a new supply of water have been produced for each water resource zone, for access starting in each of the five years from 2020/21 to 2024/25 for different sizes of customer. We have used the same methodology as in our Water Resources Management Plan for these prices. The indicative prices are different for each of company's 4 water resource zones:

- Wrexham;
- Llandinam and Llanwrin;
- Llanfyllin; and
- Saltney.

The indicative prices provided below assume that the entrant introduces a supply of treated water into our clean water network. As such, the discount includes the cost of treatment. A lower discount would need to be applied if non-potable water was supplied to one of our treatment works, or if the water was introduced into a raw water main / aqueduct. The discounts are consistent with the Water Resource and Network Plus revenue controls set by Ofwat at PR19.

For specific zones, a further discount relates to the incremental cost of schemes in our Water Resource Management Plan; however, it should be noted that no new supply schemes are planned to start until 2025/26. Further details can be found in our [Water Resource Market Information](#).

The following tables shows the indicative combined supply prices for each of the 4 water resource zones.

Access start date: 2020-21		20-21	21-22	22-23	23-24	24-25
Water resource zone: Wrexham						
Supply-demand balance without entry*	MI/d	4.57	4.74	4.90	5.03	5.14
For 5 MI per annum:						
Wholesale effective unit rate	£/m3	1.1323	1.1889	1.3363	1.3955	1.3237
Common carriage discount	£/m3	0.4939	0.5102	0.5590	0.5949	0.5840
Supply-demand balance with entry	MI/d	4.59	4.76	4.91	5.04	5.16
For 25 MI per annum:						
Wholesale effective unit rate	£/m3	1.1187	1.1772	1.3264	1.3873	1.3169
Common carriage discount	£/m3	0.4892	0.5063	0.5558	0.5922	0.5817
Supply-demand balance with entry	MI/d	4.64	4.81	4.96	5.09	5.21
For 50 MI per annum:						
Wholesale effective unit rate	£/m3	1.1041	1.1759	1.3255	1.3866	1.3164
Common carriage discount	£/m3	0.4843	0.5059	0.5555	0.5920	0.5816
Supply-demand balance with entry	MI/d	4.71	4.88	5.03	5.16	5.28
For 500 MI per annum:						
Wholesale effective unit rate	£/m3	0.7776	0.8908	0.9202	1.0374	1.0557
Common carriage discount	£/m3	0.3462	0.3729	0.3555	0.3929	0.4055
Supply-demand balance with entry	MI/d	5.94	6.11	6.27	6.39	6.51

Access start date: 2020-21		20-21	21-22	22-23	23-24	24-25
Water resource zone: Llandinam and Llanwrin						
Supply-demand balance without entry*	MI/d	5.50	5.52	5.53	5.56	5.58
For 5 MI per annum:						
Wholesale effective unit rate	£/m3	1.4225	1.4955	1.5083	1.4662	1.4248
Common carriage discount	£/m3	0.6328	0.6256	0.5824	0.5549	0.5470
Supply-demand balance with entry	MI/d	5.51	5.53	5.54	5.57	5.60
For 25 MI per annum:						
Wholesale effective unit rate	£/m3	1.2331	1.3567	1.3396	1.4393	1.3983
Common carriage discount	£/m3	0.5487	0.5678	0.5175	0.5450	0.5371
Supply-demand balance with entry	MI/d	5.56	5.59	5.60	5.63	5.65
For 50 MI per annum:						
Wholesale effective unit rate	£/m3	1.1708	1.2880	1.2692	1.3588	1.3154
Common carriage discount	£/m3	0.5211	0.5391	0.4903	0.5146	0.5053
Supply-demand balance with entry	MI/d	5.63	5.66	5.67	5.70	5.72
For 500 MI per annum:						
Wholesale effective unit rate	£/m3	0.7776	0.8908	0.9202	1.0374	1.0557
Common carriage discount	£/m3	0.3462	0.3729	0.3555	0.3929	0.4055
Supply-demand balance with entry	MI/d	6.87	6.89	6.90	6.92	6.95

Access start date: 2020-21		20-21	21-22	22-23	23-24	24-25
Water resource zone: Llanfyllin						
Supply-demand balance without entry*	MI/d	1.21	1.20	1.19	1.19	1.18
For 5 MI per annum:						
Wholesale effective unit rate	£/m3	1.4225	1.4955	1.5083	1.4662	1.4248
Common carriage discount	£/m3	0.6328	0.6256	0.5824	0.5549	0.5470
Supply-demand balance with entry	MI/d	1.22	1.21	1.21	1.20	1.20
For 25 MI per annum:						
Wholesale effective unit rate	£/m3	1.2331	1.3567	1.3396	1.4393	1.3983
Common carriage discount	£/m3	0.5487	0.5678	0.5175	0.5450	0.5371
Supply-demand balance with entry	MI/d	1.28	1.27	1.26	1.25	1.25
For 50 MI per annum:						
Wholesale effective unit rate	£/m3	1.1708	1.2880	1.2692	1.3588	1.3154
Common carriage discount	£/m3	0.5211	0.5391	0.4903	0.5146	0.5053
Supply-demand balance with entry	MI/d	1.34	1.34	1.33	1.32	1.32
For 500 MI per annum:						
Wholesale effective unit rate	£/m3	0.7776	0.8908	0.9202	1.0374	1.0557
Common carriage discount	£/m3	0.3462	0.3729	0.3555	0.3929	0.4055
Supply-demand balance with entry	MI/d	2.58	2.57	2.56	2.55	2.55

Access start date: 2020-21		20-21	21-22	22-23	23-24	24-25
Water resource zone: Saltney						
Supply-demand balance without entry*	MI/d	0.58	0.60	0.62	0.63	0.65
For 5 MI per annum:						
Wholesale effective unit rate	£/m3	1.1323	1.1889	1.3363	1.3955	1.3237
Common carriage discount	£/m3	0.4939	0.5102	0.5590	0.5949	0.5840
Supply-demand balance with entry	MI/d	0.60	0.61	0.63	0.65	0.66
For 25 MI per annum:						
Wholesale effective unit rate	£/m3	1.1187	1.1772	1.3264	1.3873	1.3169
Common carriage discount	£/m3	0.4892	0.5063	0.5558	0.5922	0.5817
Supply-demand balance with entry	MI/d	0.65	0.67	0.68	0.70	0.72
For 50 MI per annum:						
Wholesale effective unit rate	£/m3	1.1041	1.1759	1.3255	1.3866	1.3164
Common carriage discount	£/m3	0.4843	0.5059	0.5555	0.5920	0.5816
Supply-demand balance with entry	MI/d	0.72	0.74	0.75	0.77	0.78
For 500 MI per annum:						
Wholesale effective unit rate	£/m3	0.7776	0.8908	0.9202	1.0374	1.0557
Common carriage discount	£/m3	0.3462	0.3729	0.3555	0.3929	0.4055
Supply-demand balance with entry	MI/d	1.95	1.97	1.99	2.00	2.02

Notes

All wholesale prices are based on the 2020/21 Wholesale Scheme of Charges. The information is consistent with the Final Determination 2019 and Indicative Wholesale Charges for 2021/22.

Prices have been calculated using the following assumptions and methods:

1. 500 MI customers are charged on the large user tariff. Within areas that were formerly served by Severn Trent Water (Llandinam and Llanwrin, Llanfyllin), 25MI and 50MI customers are charged on intermediate tariff and the 5MI customer is based on standard zone A tariff. In areas formerly served by Dee Valley Water (Wrexham and Saltney) the indicative rates for volumes 5-50MI are based on the standard zone B tariff.
2. Consumption is evenly spread throughout the year (42% in the peak season from May to September, 58% in the off peak season October to April).
3. Figures are taken from the wholesale measured water supply tariffs 2020-21.
4. The customer does not currently purchase any added value products or services from Hafren Dyfrdwy.
5. Inflation has been removed so a consistent price base can be seen. Future prices will need to comply with our revenue controls as adjusted for Outcome Delivery Incentives and other corrections; we must also comply with Ofwat charging rules and the requirements of our Licence. Actual prices for the years after 2020-21 are therefore likely to vary from those set out above.
6. The relevant wholesale tariff for eligible customers could potentially be one of Hafren Dyfrdwy's other tariffs, for example the Standby Tariff. Full details of these tariffs can be found in the company's *Wholesale Scheme of Charges 2020/21* which can also be found with other details of our [network access code](#).
7. The **common carriage** element of the combined supply tariff has been calculated using the following assumptions:
 - Inputs of water meet all relevant quality, compatibility and security of supply criteria, consistent with the criteria applied to Hafren Dyfrdwy's own sources.
 - Any input of water that could allow future capital investment to be avoided or deferred is designated as a strategic supply.
 - Inputs of water are monitored (for flow and quality) at the licensee's expense.
 - Any costs due to connecting the licensee's source of water to the network are recovered separately on a case-specific basis.
8. Given the assumptions above, the access price that would be paid is equal to the wholesale rate less the discount as set out in the tables above. For example, if the wholesale rate is £1.5000 per m³ and the discount £0.500 /m³, the entrant would pay Hafren Dyfrdwy £1.000 for each cubic metre of water supplied to a customer through our network.
9. No account has been taken of any potential impact of the licensee's input on the distribution network, including any potential impact on leakage levels, due to the localised nature of such impacts. Any such impact would be considered on a case-specific basis.

10. Combined supply tariffs will follow the structure of the Hafren Dyfrdwy's *Wholesale Scheme of Charges 2020/21* with the additional feature of having (case-specific) savings (or additional charges as appropriate) on the tariff due to common carriage.
11. A reconciliation will be made each season (peak and off peak) between the volume input into the network by the licensee and the volume taken from the network by the licensee's customer. While this reconciliation may be affected by case-specific factors, for the purposes of indicative prices, the following would apply:
 - If the volume taken exceeds the volume input (i.e. the licensee had under-supplied relative to their customer's usage), the excess volume will be charged at the relevant wholesale tariff rate, as a "top up" supply will have been provided to the licensee.
 - If the volume taken was less than the volume input (i.e. the licensee had over-supplied relative to their customer's usage), then for the first 10% over-supply a credit equivalent to the saving on the wholesale tariff due to common carriage would be applied to the licensee's account. For over-supply greater than 10%, no further credit would be applied, recognising the limited extent to which costs could be avoided due to over-supply.
 - In either of these scenarios, we will charge or credit the licensee. As a wholesaler, we have no direct contact with the customer relating to charges. Any adjustment to customer bills arising from over or under supply will depend on the arrangements that the licensee has in place with its customer.