



Wessex Water Services Ltd
Assurance Statement for the
2019/20 NAV Charges

Introduction

Our NAV Charges document sets out the approach to determine the bulk charges for bulk services provided to a NAV (a newly appointed water company that supplies a previously unserved site). A copy of our NAV Charges document is available on our website, at www.wessexwater.co.uk/our-charges.

Ofwat's May 2018 publication "Bulk charges for NAVs: final guidance" set out the process it will follow in determining the appropriate bulk supply charges for a NAV, replacing guidance published in 2011 and 2013. While Ofwat will not issue charging rules for NAV charges until the relevant elements of the 2014 Water Industry Act are enacted, it has stated that it expects water companies to follow its new guidance when determining bulk supplies to NAVs from the date of the new guidance's publication.

In addition our NAV Charges should comply with our obligations under our Operating Licence and law.

Board ownership

The Board owns and is accountable for the development of the NAV Charges Document.

On 30 July 2018 the Board were notified of the requirement to publish new NAV charges.

On 24 September 2018 the Board were notified of the charges strategy and the assurance processes and procedures.

On 3 December 2018, the Board were notified of the approach to NAV charges. The Board further confirmed that to the best of its knowledge and belief that the Ofwat Guidance was followed and duly approved the giving of this Assurance Statement.

The Board therefore authorised the Company's Managing Director to sign-off of the final Assurance Statement and Charges Document.

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The Assurance Statement

In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in its Guidance (“the Ofwat Guidance”).

The Board confirms that:

1. The Company complies with its legal obligations and the Ofwat guidance relating to the charges set out in its NAV Charges Document
2. The Company has appropriate systems and processes in place to ensure that the information contained in the Charges Document and additional information is accurate
3. The Company has consulted with its stakeholders in a timely and effective manner on its NAV Charges

The Board authorised the Company’s Managing Director to sign-off of the final Assurance Statement and NAV Charges Document.



Date: 29.1.19

Andy Pymer
Managing Director
(on behalf of the Board)

Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its NAV Charges Rules (“the Ofwat Assurance Requirements”):

1. *The Company complies with its legal obligations and the Ofwat guidance relating to the charges set out in its NAV Charges Document*

The Company engaged Mott MacDonald who reviewed and confirmed that our NAV Charges Document for 2019/20 is appropriate to meet our obligations under our legislation, including the Water Industry Act 1991 (as amended in 1999 and 2014) – sections 93A (in so far as the NAV Charges do not derogate from the duty to promote the efficient use of water), 142/149;

- a. Our NAV Charges Document is consistent with Ofwat’s guidance (published in May 2018).
- b. Our NAV Charges Document is consistent with the Company’s obligations under licence conditions E, R and S.
- c. That our charges calculations are:
 - based on observed cost data and use reasoned approaches to calculate the deducted costs, and
 - consistent with the Company’s wholesale charges for 2019/20.

2. *The Company has appropriate systems and processes in place to ensure that the information contained in the Charges Document and additional information is accurate*

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2018.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including:

- annual update of a charges compliance manual
- a requirement for data owners and compilers to sign certificates assuring the accuracy of their data and associated calculations
- ensuring clear ownership of the process resides with a senior manager, in this case the Director of Regulation and Reform.

The charges setting process requires the economic regulation team to engage with internal and external stakeholders to ensure that the charges proposals are well rounded and practical. In particular there is significant engagement with the Company’s internal lawyers.

3. *The Company has consulted with relevant stakeholders in a timely and effective manner on its NAV Charges*

The Board was informed that stakeholders have been engaged with in a timely manner. The Company has engaged with its external stakeholders in the following ways:

- The Company met with a NAV to discuss their views on the guidance and their expectations for how water companies should provide their tariffs, and the intricacies that should be taken into account.
- The Company had contact with a number of NAVs over 2018, where the new guidance was discussed. Their considerations were taken into account when formulating the charges.