

**WSX55 -
Developers
services tables
commentary**

Business plan
2025-2030



Wessex Water
YTL GROUP

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WSX55 - Developers services tables commentary

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This supporting document is part of Wessex Water's business plan for 2025-2030.

Please see 'WSX00 – Navigation document' for where this document sits within our business plan submission.

More information can be found at wessexwater.co.uk

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1. DS1e

1.1. 2022-23 from APR23 Table 2E

The values have been derived from APR23 Table 2E. Table headings correspond to those used in APR Table 2E as follows:

Table 1 – Alignment between APR Table 2E and PR24 Table DS1e

Heading	PR24 Table DS1e	APR Table 2E
Water Network+		
Diversions – s185	DS1e.1	2E.12
Diversions – NRSWA	DS1e.2	2E.17
Infrastructure charge receipts	DS1e.4	2E.10
Other developer services revenue (price control)	DS1e.5	2E.13
Income offset associated with legacy agreements.	DS1e.7	2E.15
Connection charges	DS1e.11	2E.9
Requisitioned mains	DS1e.12	2E.11
Other developer service revenue (non-price control)	DS1e.13	N/A
Wastewater Network+		
Infrastructure charge receipts - new connections	DS1e.18	2E.23

Heading	PR24 Table DS1e	APR Table 2E
Other developer services revenue (price control)	DS1e.19	2E.25 (Capitalised and amortised portion only)
Income offset associated with legacy agreements.	DS1e.21	2E.27
Receipts for on-site work	DS1e.25	2E.22 plus 2E.25 (Recognised in income portion only)
Diversions - s185	DS1e.26	2E.24
Other developer services revenue (non-price control)	DS1e.27	2E.31

In each case the split between “Fully recognised in income” and “Capitalised and amortised” is the same, “Fully netted off capex” is not used in either case.

Lines that are omitted (e.g. DS1e.3) feature types of income not occurring in the organisation.

1.2. DS1e Forecasting

Income has been forecast around expected costs (as listed in DS2e and DS3) as our aim is to be fully cost recoverable.

1.2.1. Diversions

Diversion income (both supply and water and wastewater) is based on a historical average of our costs and projected to 2030.

1.2.2. Infrastructure Charges

Income for infrastructure charges is aligned to match the capex costs of network reinforcement in DS2e and DS3. For income on water, as per the commentary for DS2e, income is expected to increase from 2028 to 2030 due to a predicted increase in MOD sites seeking connection to the public water network. Typically, these are in areas with the closest water supply networks serving small rural areas.

For wastewater, income is higher for 2025 to 2027 relative to the rest of AMP8. This is due to a number of schemes being carried forward from AMP7 (due to delays in development) needing to commence early in the AMP as well as business as usual schemes.

1.2.3. Other developer services revenue (price control)

This is based on historical averages for income reported in 2E.13 (water) and 2E.25 (wastewater) in the APR.

1.2.4. Income offset

No income is predicted in AMP 8 as these agreements will cease to be issued then.

1.2.5. Environmental Incentives

There is currently no forecast for any income in this section as a scheme to implement this is still being designed.

1.2.6. Connection Charges

For water, as increasing numbers of customers are going to NAVs this reduces our income, as the NAV will be receiving any connection revenue. As per commentary for DS4, this is an area of great uncertainty due to the recency of the increased NAV activity.

1.2.7. Requisitioned Mains

Due to the expected increase in NAV activity, this has reduced our expected income, which matches the costs forecast in DS2e.

1.2.8. Other developer service revenue (non-price control)

This is based on historical averages for income reported in 2E.19 (water) & 2E.27 (wastewater) in the APR.

1.2.9. Receipts for on-site work

This includes revenue expected for sewer connections, sewer requisitions, and sewer adoptions. The revenue is derived from the expected costs for these services from DS3.

2. DS2e

This table contains data with impacts post RPE and frontier shift. For more information on how this is applied, please see commentary in SUP11. The data confidence grade for this table is B3.

2.1. Cost alignment with charges

We ensure that our developer services charges align with forecast expenditure each year in our robust charges analysis process, which is externally audited and assured to ensure that we comply with the obligations set out by Ofwat's charging rules.

We annually review the charges by looking at the underlying costs in previous years and speak with relevant teams to ensure we capture any updated or expected price updates of materials or methods used to provide a service. This is a very detailed process to align income and costs, and the charges are fixed and published by 1st February each year for the next financial year.

2.2. Infrastructure Network Reinforcement

Infrastructure network reinforcement costs are similar from 2025-28. Costs are expected to increase from 2028 to 2030 due to a predicted increase in MOD sites seeking connection to the public water network. Typically, these are in areas with the closest water supply networks serving small rural areas.

2.3. Asset payments

Asset payments from legacy agreements are expected to finish after 2024/25 which is why we are forecasting zero costs after that year.

2.4. New connections and requisition mains

Forecast costs are based on analysis of historic expenditure and trends in the housing market. The split of new connections for houses that do and do not require new water mains are based on historic figures. The figures have been adjusted to reflect that increasing number of developments requiring new mains will go to NAVs, which is not possible for sites without new mains. This reduces our costs on sites with new mains as the NAVs will be laying the infrastructure.

As per commentary for table DS4, the forecasts for the numbers of properties that will go to NAVs are difficult as the market has only just taken off.

2.5. Other site-specific developer services activities

2.5.1. Site-specific costs for developments that do not require new water mains

The costs in this line includes minor repairs. An explanation of what services / activities are included in lines DS2e.4. 0.010 in 22/23 opex, and 0.004 in 23/24 capex

Opex – The £0.010m in 2022/23 relates to minor repairs. There are no forecasts for costs in this area.

2.5.2. Site-specific costs for developments that do require new water mains

There are no forecasts for costs in this area.

3. DS3

This table contains data with impacts post RPE and frontier shift. For more information on how this is applied, please see commentary in SUP11. The data confidence grade for this table is B3.

3.1. Cost alignment with charges

We ensure that our developer services charges align with forecast expenditure each year in our robust charges analysis process, which is externally audited and assured to ensure that we comply with the obligations set out by Ofwat's charging rules.

We annually review the charges by looking at the underlying costs in previous years and speak with relevant teams to ensure we capture any updated or expected price updates of materials or methods used to provide a service. This is a very detailed process to align income and costs, and the charges are fixed and published by 1st February each year for the next financial year.

3.2. Infrastructure Network Reinforcement

For 2022/23 and 2023/24 the total value of wastewater network reinforcement capex in table DS5 does not match the value in table DS3.1 "network reinforcement capex" because the total project cost for North Bristol Strategic Sewer is reported in table CWW3 freeform line "North Bristol Strategic Sewers" to align with the categorisation of funding for this project in the PR19 final determination. To avoid duplicating costs in table CWW1 no costs for this project are reported in table DS3.

Infrastructure network reinforcement costs are high for 2025 to 2027 relative to the rest of AMP8. This is due to a number of schemes being carried forward from AMP7 (due to delays in development) needing to commence early in the AMP as well as business as usual schemes.

3.3. Asset payments

Accounting for accrued costs related to asset payments to developers for legacy agreements means that negative expenditure is forecast for 2023-24. This is due to cancellation of costs accrued in previous years.

3.4. New connections and requisition sewers

Forecast costs are based on analysis of historic expenditure and trends in the housing market. The split of costs between foul and surface water drainage are based on an average of historic expenditure which we are assuming will continue in future years.

3.5. Other site-specific developer services activities

3.5.1. Capex

Costs in line DS3.5. are for sewer pipe replacement work that we undertake ahead of sewers being built over by a new building (normally an extension to a domestic property). If the sewer is found to have some defects (of any severity) then we take the opportunity to replace it before the building is constructed. We budget for these costs annually and the costs for AMP8 are assumed to be the same as costs in the 2022/23 base year.

3.5.2. Opex

There are no forecasts for costs in this area.

4. DS4

4.1. DS4.1 – DS4.14

Overall property figures come from ONS population projections for local authorities. These have been converted to a forecast of new properties based on households of 2.2 people each. The overall ONS data shows a reduction in the number of new properties connected each year which is reflected in the decreasing totals in DS4.11.

The property figures have then been split between those on NAV sites and those on Wessex Water sites. We are forecasting NAV growth to broadly continue and by 2029-30 we believe that they will account for 35% of all new connections on supply and 25% on waste. This is an area of great uncertainty due to the recent sharp growth in NAV activity. We should be mindful that this level of growth may be unsustainable and could level off.

The cause for a dip in NAV properties between 2025-26 and 2026-27 on supply is due to the methodology that we've used to populate these figures. Short term forecasts are based on sites that are already known to us, and the stated expectations from NAVs and their developer customers on build out rates. The build rates provided by NAVs (which they have obtained from their customers) appear fairly optimistic compared to historical data on actual build rates. This means that the short term forecasts are higher than we would expect, however we have decided to accept and use the forecasts as they are coming from source (the developers). It has also been assumed that developers will continue to sign up with NAVs throughout the whole forecast period and there is no change in the housing market.

Longer term forecasts are based on our expectations as to how quickly future sites may be built out (e.g. sites that we don't know about yet). As we have used historical data which shows a smaller yearly build out rate, this leads to a dip where the two forecast methodologies meet in the middle.

As a consequence of both the decreasing number of new properties each year and the increased NAV volumes, Wessex Water and SLP connections are showing a yearly decrease (except the aforementioned 2026-27 period on supply).

It has been assumed that 99% of properties and connections will be residential, and the rest (1%) will be for business premises on NAV sites. As non-NAV sites are calculated based on population, to calculate the business property figures we've taken 6% of the number households. This is based on an average of the last 3 years.

Supply connections are assumed to be 81% of the number of properties. This proportion has been applied to all future connections. This does not apply to connections on SLP sites, as most SLP sites feature a 1:1 ratio of properties to connections. This has also not been applied to waste connections where we have assumed a 1:1 ratio.

New mains (requisitions and SLPs) have been calculated based on the number of properties connected through each route, and is therefore proportionate to the activity taking place. As the number of properties connected via NAVs increases, this then directly leads to a decrease in the number of requisition and SLP schemes.

Due to the uncertainty around the housing market, and uncertainty around both the economy and any changes to planning legislation that may occur, it is difficult to predict the number of houses being built per year. In addition, there has been a recent uptick in developers using NAVs, which also adds another layer of uncertainty to the split in the number of properties being connected by Wessex compared to those connected by SLPs and those on NAV sites. Because of these uncertainties a confidence grade of C4 has been assigned.

There is a strong degree of competition in the Wessex Water supply region for connections on new sites. For 2022/23 it is shown that 41% of connections in the Wessex region were completed by SLPs. By the end of 2029/30 we are forecasting that 35% of all properties in the WW supply region will be connected on NAV sites. As a general trend, we find that large greenfield sites are more likely to be competed for by SLPs and NAVs. On smaller and/or

brownfield sites, competition is somewhat less prevalent and it is more likely that work will be delivered directly via Wessex; either in the form of new connections to an existing main, or via new connections to a new main that we lay.

5. DS5

This table contains data with impacts post RPE and frontier shift. For more information on how this is applied, please see commentary in SUP11. The data confidence grade for this table is B3.

5.1. Cost alignment with charges

We ensure that our developer services charges align with forecast expenditure each year in our robust charges analysis process, which is externally audited and assured to ensure that we comply with the obligations set out by Ofwat's charging rules.

We annually review the charges by looking at the underlying costs in previous years and speak with relevant teams to ensure we capture any updated or expected price updates of materials or methods used to provide a service. The charges are fixed and published by 1st February each year for the next financial year.

5.2. Distribution and trunk mains

Expenditure on network reinforcement is expected to have higher costs from 2028 to 2030 due to the predicted acceleration of MOD related schemes; with the MOD moving from private sources to Wessex Water public supplies.

5.3. Pumping and storage facilities

Expenditure on network reinforcement water supply pumping and storage is expected to have higher costs from 2028 to 2030 due to the predicted acceleration of MOD related schemes.

5.4. Foul and combined systems

In AMP7 10% of the Trym Relief Sewer project costs have been assigned to network reinforcement. This percentage is based on the AMP7 FD allowance for the project of £45m and £4.6m of grants and contributions that have been allowed to be recovered from developers. This proportion of costs is reported in DS5 for 2022/23 and 2023/24. The total value of network reinforcement capex in table DS5 does not match the value in table DS3 line 1 "Infrastructure network reinforcement - capex" because the total project cost for North Bristol Strategic Sewer is reported in table CWW3 freeform line "North Bristol Strategic Sewers" to align with the categorisation of funding for this project in the PR19 final determination. To avoid duplicating costs in table CWW1 no costs for this project are reported in table DS3.

AMP8 infrastructure network reinforcement costs on foul and combined systems are costed from the predicted development market profile and providing capacity in line with the change in demand. For more details, please see commentary for Table DS6.

5.5. Pumping and storage facilities

AMP8 infrastructure network reinforcement costs for pumping and storage facilities follows the profile for foul and combined systems. They are costed from the predicted development market profile and providing capacity in line with the change in demand. For more details, please see commentary for Table DS6.

6. DS6

6.1. Mains and Boosters; (DS6.1-DS6.4 & DS6.9 – DS6.14)

6.1.1. Resilience, Maintenance and Water Quality

There are no enhancements for resilience planned in the remainder of AMP7 or AMP8 resulting in new mains. All maintenance and water quality activity are defined as mains replacement. There are no new mains recorded under these columns for AMP7 or AMP8. For 2022/23 to the end of AMP8 we forecast a 50% uplift in the upsizing of mains for maintenance activity and a 10% increase in the upsizing of mains for water quality activity. Forecasts are based on extracts from financial and GIS systems submitted in the last network reinforcement request, forecasts are increased due to ambitious targets for leakage reduction.

6.1.2. Network Reinforcement

2022/23 water supply network enhancement figures are calculated by filtering Agresso Finance System by financial block code HBB204. Resultant Capital Codes matched to HBB204 are then cross referenced to GIS systems to extract and sum physical attribution.

There are 2 further schemes planned for construction and commissioning in 2023/24. Details of new assets proposed for these schemes are taken from governance documents. There are no schemes currently planned in 2024/25. There have been no proportionally split schemes

For the period 2025 – 2030 there is significant uncertainty relating to growth in the Wessex Water region due to the economic situation, emerging housing policy and Local Development Plan uncertainty.

For the AMP 8 period predictions for the requirement of off site reinforcement are based upon the likelihood of development progressing in water supply zones where there is limited capacity. The likelihood of development progressing is quantified by a percentage reduction in financial and main laying requirements. The extent of the reduction is based on the position of the development in the planning domain i.e. 100% investment if development is starting in AMP7 with a tipping point in AMP8; with a reduction of 90% if development is allocated in an unadopted plan with phasing not yet certain.

We are also anticipating an increase in off site reinforcement to support the connection to the public network for customers currently served by inadequate private source supplies. Network reinforcement is also predicted to be required to support the MOD's supply requirements as we witness a requested transition from MOD private supplies to connection to the public network.

Lengths of required mains predicted for 2025 – 2030 are shown below. For simplicity we have divided the total predicted lengths required by five for the 11 areas (Business As Usual, BAU) where reinforcement is likely to be required to serve residential development and potential customers transferring from private supplies. With the MOD

project we anticipate appraisal commencing in 2025 with construction commencing in year 4. We are also predicting one additional booster per year due to the topography of the areas where public supply connections have previously been requested.

Table 2 - Break down of forecast mains for off-site reinforcement

Mains 25-30	BAU mains	Priv to pub mains	MOD Mains	Total
yr1	0.36	0.2	0	0.56
yr2	0.36	0.2	0	0.56
yr3	0.36	0.2	0	0.56
yr4	0.36	0.2	3	3.56
yr5	0.36	0.2	4	4.56
Total	1.8	1.0	7	9.8

6.1.3. Requisitions

Section 41 (Incumbent) and Section 51 (SLP) main laying lengths for 2022 and 2023 are extracted from financial records and property logs. An average length of main has been calculated from historical data and applied to ONS property projections for both incumbent and SLP new requisitioned mains. The lengths of new mains recorded under these activities are forecast to reduce due to the rise in popularity of the NAV delivery model. Based on historic data we have predicted that NAV activity will account for 35% of new supply connections. This is in accordance with forecasts applied in table DS4

6.2. Sewers and Pumping Stations; (DS6.5-DS6.8 & DS6.15 – DS6.20)

6.2.1. Resilience and Maintenance

Historical data is extracted from Agresso financial systems and GIS. Figures are uplifted for AMP8 by 80% on the basis that although expenditure is set to double, construction and material costs are rising, thus inflation is reducing purchasing power. It is forecast that 100% increase in spend will only equate to 80% increase in meterage. This is based on engineering judgment as the full AMP8 delivery programme is not yet costed.

A number of schemes will be split purpose between resilience and maintenance, therefore the full allocation for both those purposes will be greater than the proportional allocation.

Few schemes historically have a split between network reinforcement and either resilience, maintenance or both so it is not possible to reliably forecast, therefore no split is proposed with network reinforcement.

6.2.2. Network Reinforcement

2022/23 foul sewer network enhancement figures are calculated by filtering Agresso Finance System by financial block code HBB203. Resultant Capital Codes matched to HBB203 are then cross referenced to GIS systems to extract and sum physical attribution. North Bristol Relief Sewer is claimed during 2022/23 at 6.5km. The proportional split is due to Wessex Water's contribution to a scheme in Bristol (Harry Stoke) to provide capacity for future growth.

There are 3 further network reinforcement schemes planned for construction and commissioning in 2023/24 and 12 in 2024/25. Details of new assets proposed for these schemes are taken from governance documents. Some proposed improvements such as surface water separation to provide capacity and use of smart controls at new pumping stations are not captured in the table. Many of the reinforcement schemes in AMP7 support new development phasing into AMP8 and beyond.

For the period 2025 – 2030 there is significant uncertainty relating to growth in the Wessex Water region due to the economic situation, emerging housing policy and Local Development Plan uncertainty.

For the AMP 8 period predictions for the requirement of off site reinforcement are based upon the likelihood of development progressing in sewer catchments where there is limited capacity. The likelihood of development progressing is quantified by a percentage reduction in financial and sewer construction requirements. The extent of the reduction is based on the position of the development in the planning domain i.e. 100% investment if development is starting in AMP7 with a tipping point in AMP8; with a reduction of 90% if development is allocated in an unadopted plan with phasing not yet certain.

We are predicting one pumping station requirement per year related to network reinforcement. This is based on engineering judgment pre delivery of the AMP8 Supply Design Balance programme.

6.2.3. Requisitions

2022/23 foul sewer requisition figures are calculated by filtering Agresso Finance System by "S98" and cross referencing with a local based spreadsheet. The resultant Capital Codes are cross referenced to GIS systems to extract and sum physical attribution.

Forecasts are based upon the current trend continuing with an uplift in numbers during AMP8 due to significant schemes in the pipeline.

6.3. Reconciliation to the APR

Asset information used to inform the APR is taken from our corporate asset register. In order to provide the purpose splits required we have also sourced data from GIS for the network reinforcement and requisition blocks. There can be system lags between new assets registered on GIS and those from our corporate asset register; in addition a small proportion of assets may be tagged incorrectly or in different years (more common where schemes span multiple years) – as such in order to provide the more granular breakdown of purpose splits, differences to the APR are attributable to these and the below reasons.

Table 3 – Outline of differences to the APR

Line	Extract from Definition	Commentary
DS6.1 / APR 6C.1	The total length of new mains laid is expected to match the year on year difference in APR item 6C.1 - Total length of potable mains as at 31 March. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	The uplift in new mains reported in APR 6C.1 (2022/23 – 2021/22) = 12116.30km – 12083.50 km (32.80km). 37.3km is reported in DS6.1. This difference is attributed to system lag and differences in allocating mains lengths to different years between the 2 data sets.
DS6.4 / APR 6C.3	The sum of line 1 and 2 is expected to match APR item 6C.4 - Total length of new potable mains. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	The length of new mains laid will not necessarily equal the year-on-year changes in total length of mains in the APR, as the latter will also include any length of mains removed from the network. For example, our mains replacement programme can involve pipe replacement for shorter lengths.
DS6.9 / 6B.20	The number of new water pumping stations built is expected to match the year on year difference in APR item 6B.20 - Total number of potable water pumping stations that pump into and within the treated water distribution system. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	Data match. No new pumping stations
DS6.13 / APR 6B.1	The additional pumping capacity installed at water pumping stations is expected to match the year on year difference in APR item 6B.1 - Total installed power capacity of potable water pumping stations. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	The uplift KW reported in APR 6b.1 (2022/23 – 2021/22) = 28724 kw – 28874 kw (-150kw). 0KW is reported in DS6.13. No new pumping stations in DS6.13. Reduction year on year represents reduction in KW for replacements.
DS6.17 / APR 7C.4	The number of new pumping stations built on the sewerage network is expected to match the year on year difference in APR item 7C.4 - Number of network pumping stations. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	The number and installed power capacity of sewage pumping stations reported in Table 7C Lines 4 and 3 respectively includes newly discovered public pumping stations added to our GIS within the report year; it is not expected that the number and power capacity reported in this PR24 table against lines 8 and 10 will match changes in number and power capacity reported in Table 7C lines 4 & 3. Further to this, our total

Line	Extract from Definition	Commentary
DS6.19 / APR 7C.3	The additional pumping capacity installed at pumping stations on the sewerage network is expected to match the year on year difference in APR item 7C.3 - Total pumping station capacity. Where there is a mismatch, please include relevant commentary to explain the discrepancy.	installed power capacity of sewage pumping stations reported in APR Table 7C line 3 has reduced over time due to better pump information.

6.4. Data quality

For 22/23 we ascribe a confidence grade of B2 apart from lines 18 and 19 where the installed power capacity of adopted pumping stations is not always known (B3)

For future years we ascribe a confidence grade of B3 apart from columns shown under network reinforcement where the pace, phasing and detailed design work will dictate the nature of off site re-inforcement. No allowance has been given for the inclusion of more environmentally sensitive solutions such as surface water separation. For forecast network re-inforcement scheme we assign a B4 confidence grade.