

This document sets out United Utilities Water Limited's ("UUW") compliance with the [Rules for Bulk Charges for New Appointments and Variations \(English Undertakers\)](#) published in November 2025 by the Water Services Regulation Authority. We have noted in **green text** below our assessment of compliance against each rule.

	Rules for Bulk Charges for New Appointments and Variations (English Undertakers)
1	These rules are issued by the Water Services Regulation Authority under sections 40E and 110F of the Water Industry Act 1991.
2	These rules (except rules 21, 23, 24 and 25) have effect in relation to charges imposed on or after 1 April 2026 by Incumbents whose areas are wholly or mainly in England. Rules 21, 23, 24 and 25 take effect in respect of charges imposed on or after 1 April 2027 by Incumbents whose areas are wholly or mainly in England and are advisory for the 2026-27 charging year. For avoidance of doubt, these rules do not have effect in relation to charges imposed by New Appointees.
3	<p>These rules have effect in relation to Bulk Charges:</p> <p>(a) for supply and / or discharge services by Incumbents whose areas are wholly or mainly in England, to and from new appointments and variations whose areas are wholly or mainly in England licensed under the consent (Water Industry Act 1991, section 7(4) (a)) and/ or unserved criteria (Water Industry Act 1991, section 7(4) (b)); and</p> <p>(b) which apply pursuant to Bulk Services Agreements for Sites where the appointment or variation has been made on or after 1 April 2018.</p>
4	Additionally, for new appointments and variations where the appointment or variation has been made prior to 1 April 2018, Incumbents are required to ensure that, wherever possible, bulk charges are consistent with these rules.
	The appropriate set of rules 1 to 4 have been considered.
	Interpretation
5	These rules are supplementary to statutory provisions that apply to relevant undertakers under any enactment or instrument made thereunder (including the conditions of their appointments), and in the event of any conflict between the rules and any statutory provision, the latter shall prevail.
6	In the event of any conflict or inconsistency between these rules and our guidance on bulk charges for new appointees, these rules shall prevail and take precedence, unless expressly stated otherwise.
7	Unless the contrary intention appears, words and expressions used in these rules have the same meaning as in any provision of the Water Industry Act 1991.
8	Unless the context otherwise requires, in these rules and for the purpose of Bulk Charges Schedules published by Incumbents under these rules:
	Avoided Costs are those costs that the Incumbent does not incur because it does not serve the Site and instead there is a Bulk Services Agreement in place. The costs avoided in relation to a particular Site shall be

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	<p>determined by calculating appropriate shares of different cost categories of all costs that would be avoided in the long run if the Incumbent did not serve any Sites and include, but are not limited to:</p> <ul style="list-style-type: none">• Ongoing Costs,• An adjustment for Leakage,• Renewal and Replacement Costs of On-site Assets, and• An appropriate share of Central Costs.
	<p>Bulk Charges are charges payable for Bulk Supplies (supplies to which section 40 of the Water Industry Act 1991 applies further to s 40(1) and (2) of that Act) or Bulk Discharge Services (from main connections, as defined in sections 110A(1) and (2) of the Water Industry Act 1991) in any Charging Year, in accordance with a Bulk Services Agreement.</p>
	<p>Bulk Charges Schedule means a document setting out the charges and information related to the charges applied by the Incumbent in accordance with the present rules in any charging year.</p>
	<p>A Bulk Services Agreement may be a:</p> <ul style="list-style-type: none">• Bulk Supply Agreement; or• Bulk Discharge Agreement, which is a ""main connection agreement"" as defined in section 110A (11) of the Water Industry Act 1991, being an agreement to permit a main connection into a sewerage system. These are agreements to buy sewage disposal services and may also include the purchase of other ancillary services; or• Combination of these two agreements.
	<p>Central Costs (also referred to as Indirect Costs) are overheads and other centrally incurred costs associated with the operation of the business of the Incumbent. Examples of these types of costs include costs associated with HR, Finance, office space and IT systems.</p>
	<p>The Charging Year is the period 1 April in any year to 31 March the following year.</p>
	<p>CTWEBC is the document "Common Terms and Worked Examples – Bulk Charges" published by Ofwat.</p>
	<p>Fixed Charges means charges which are fixed in amount or which are calculated by reference to a predetermined methodology. For the avoidance of doubt, an Incumbent may impose Fixed Charges by reference to a unit measurement (for example, per property). Furthermore, an Incumbent may offer more than one Fixed Charge in charging for a service provided in accordance with the present rules.</p>
	<p>Incumbent is a water undertaker or sewerage undertaker that provides Bulk Supplies or Bulk Discharge Services which are subject to these rules pursuant to rule 3 and that is not a New Appointee.</p>
	<p>Leakage means the volumes of water lost between being supplied to the Site by the Incumbent, usually recorded on the Site's bulk supply meter, and being supplied and billed to the Site's customers.</p>
	<p>NAV means a new appointment or license variation.</p>
	<p>New Appointee means a company appointed by Ofwat or the Secretary of State under section 7 of the Water Industry Act 1991.</p>
	<p>Ongoing Costs relate to the costs of operating and maintaining on-site assets that are avoided by the Incumbent. They must reflect the activities that the new appointee is expected to perform on the site. Most new appointees will maintain and operate the on-site infrastructure. They may also perform additional services, such as emergency response and reading meters at the boundary of the site, which should also where relevant be deducted from the relevant starting point. The ongoing costs of operating and maintaining the on-site assets should be those of the Incumbent.</p>

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	On-site Assets , also known as On-site Infrastructure, refers to physical assets located within the Site specified within the Bulk Services Agreement.
	Renewal and Replacement Costs of On-site Assets as defined in our Common Terms and Worked Examples – Bulk Charges (for bulk charges from 1 April 2027).
	A Site is an area in relation to which an appointment or variation has been made pursuant to section 7 of the Water Industry Act 1991.
	Variable Charges or Volumetric Charges means charges which vary in amount or which are calculated by reference to a predetermined methodology. For the avoidance of doubt, an Incumbent may impose Variable Charges by reference to a unit measurement (for example, per megalitre). Furthermore, an Incumbent may offer more than one Variable Charge in charging for a service provided in accordance with the present rules.
	Wholesale Charges for household customers are those charges published in the Incumbent's charging scheme net of retail charges.
	The definitions in rules 5-8 have been considered.
	Consultation
9	Incumbents must determine what types of charges covered by these rules may or may not be imposed, and the amount of such charges, in accordance with the principle that material changes to charges covered by these rules should only be made after proportionate, timely and effective consultation with groups of persons likely to be significantly affected by the proposed Bulk Charges Schedule (or their representatives) and any other persons the Incumbents consider it appropriate to consult. For these purposes, changes will be material if a reasonable person would consider them to be material.
	Whilst there have been significant changes to underlying wholesale charges in 2026/27, resulting from changes in allowed wholesale revenues, there have not been any material changes in the methodology used to calculate NAV charges. Therefore, we have not deemed it necessary to consult on the Bulk Charges Schedule for 2026/27.
	General charging principles
10	Incumbents must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that Bulk Charges should reflect: <ol style="list-style-type: none"> fairness and affordability, environmental protection, stability and predictability, and transparency and customer-focused service.
	When setting bulk charges for NAVs, we have applied the discounts (avoided costs) consistent with the way in which we set our wholesale charges. This means that our bulk charges for NAVs are equally fair and consistent with wholesale charges, which promotes the same level of customer incentives in a way that does not unduly favour or penalise NAVs or their customers. <p>For example, we have not applied all discounts as volumetric, but have applied fixed discounts to fixed wholesale charges and volumetric discounts to volumetric wholesale charges. Therefore, our charges provide for the same level of incentives and discounts for:</p> <ul style="list-style-type: none"> Reduction in surface water & highways drainage charges for Schools

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	<ul style="list-style-type: none"> Reduction in surface water & highways drainage charges for eligible community groups Reduction in surface water charges for premises disconnected or partially disconnected from the sewerage network or for premises with eligible SUDS schemes Incentive for customers to use water efficiently by recovering all water costs (except meter costs) through the water volumetric tariff
	Principles for determining Bulk Charges for NAVs
11	Consistent principles and approaches must be applied to the calculation of charges for different sites and different NAV bulk supply customers.
	We have applied consistent principles when calculating our menu of NAV tariffs
12	Charging structures must reflect the long-run costs of providing the relevant service.
	Both the underlying wholesale charges and the avoided costs of NAV sites reflect the long-run costs of providing services.
13	Bulk charges should not financially penalise new appointees for promoting greater water efficiency.
	Refer to comments made against Rule 10
14	Differences in avoided cost for services provided to larger users of water and charges for services provided to smaller users of water must only be based on cost differences associated with differential use of network assets, differential peaking characteristics, different service levels and/or different service measurement accuracy.
	Refer to comments made against Rule 10
15	Where cost differences associated with differential peaking characteristics are used as a basis for differences between charges for services provided to larger users of water and charges for services provided to smaller users of water, the charges fixed on that basis must be structured on an appropriate peak demand basis.
	Refer to comments made against Rule 10
16	Charges for Bulk Discharge Services must take into account the different pollutant loads associated with foul sewage, trade effluent, surface water draining from premises and surface water draining from highways.
	Volumetric sewerage charges for the majority of NAV sites are based on our standard NAV sewerage tariff which reflects the pollutant load of household properties. Surface Water and Highways Drainage are separately charged a fixed amount per premise, which in the case of non-households is based on the site area of the premise.
17	Charges to be paid in connection with the carrying out of a sewerage Incumbent's trade effluent functions must be based on the Mogden formula (as defined in our Wholesale Charging Rules), a reasonable variant of the Mogden formula or on a demonstrably more cost-reflective basis.
	Our bulk charges for NAVs make provision for charges based on the Mogden formula where there is a customer on site with a Trade Effluent consent.
	The wholesale-minus approach

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18	To determine Bulk Charges, Incumbents should adopt the wholesale-minus approach, which requires that they deduct Avoided Costs from their wholesale charges, relevant to the customers to be served on the Site to which the charges relate.
	We confirm that we have applied the wholesale-minus approach to calculating bulk charges.
19	Incumbents should set the starting point of the wholesale charges for non-household customers used in the wholesale-minus calculation by reference to those included in their Wholesale Charges (as published by 13 January) for the relevant Charging Year
	We confirm that we have used the Wholesale Charge as the starting point for bulk charges for NAVs.
20	Incumbents should include in their Bulk Charges Schedules the Fixed and Volumetric Charges for Wholesale Charges for Household and Non-Household customers.
	We have set out in our Bulk Charges Schedule the wholesale 'starting point' for all individual NAV charges
21	Incumbents should specify in their Bulk Charges Schedules the Avoided Costs in accordance with the Avoided Costs table set out in our CTWEB.C
	We note that this rule is advisory for 2026/27 charges. However we have included a table in the 2026/27 bulk charges schedule setting out the avoided cost for a standard household property. We have combined some of the avoided cost categories but intend to split these out in future years once additional detail is available through the CTWEB.C document.
22	Incumbents must specify the sources of data used in their calculations of Avoided Costs, the assumptions made, and the methodology used.
	We have included a section in our Bulk Charges Schedule setting out the sources, assumptions and methodologies for avoided costs.
	Menu of cost drivers
23	Incumbents should calculate charges according to a discrete set of cost drivers, in accordance with the Menu of Cost Drivers set out in the CTWEB.C and make it clear when these cost drivers would apply.
	We note that this rule is advisory for 2026/27 charges. We have however set out a menu of charges, which takes into account the characteristics of a NAV site, including: <ul style="list-style-type: none"> • Whether the site is charged based on a bulk meter or on-site meters • If the site contains a wastewater pumping station (owned by the NAV) • Any non-standard customers (e.g. large users, swimming pools, trade effluent) • Site areas of any non-household customers with a wastewater connection
24	Incumbents should specify in their Bulk Charges Schedules the adjustment made for Leakage, in accordance with the CTWEB.C.
	We note that this rule is advisory for 2026/27 charges. For NAVs charged on a bulk meter. we have applied a 4% reduction for on-site leakage. This is factored into the published NAV charge and is not billed as an adjustment to volume.
	Worked examples
25	Incumbents should present in their Bulk Charges Schedule worked examples of the Bulk Charges payable for each of the scenarios set out in the worked examples in our CTWEB.C.

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	We note that this rule is advisory for 2026/27 charges. We have included four work examples in the Bulk Charges Schedule which are consistent with examples we have used in previous years. We have not yet adopted the two draft examples in the CTWEBC document but intend to do so in future years.
	Publication
26	Each Incumbent must publish its Bulk Charges Schedule on or before 1 February in the Charging Year immediately preceding the Charging Year in relation to which they have effect.
	We have published our Bulk Charges Schedule by 1 Feb 2026
27	Incumbents should ensure all services offered that have charges subject to the present rules are clearly specified in the Bulk Charges Schedule, along with the charge(s) for those services.
28	Bulk Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.
29	Bulk Charges Schedules must be written and presented in a clear and accessible manner, which takes due account of the varying levels of expertise of persons likely to be affected by these charges using, where appropriate, the terms as defined at Rule 8 and those set out in the list of common terms published by Ofwat in the CTWEBC.
	Rules 27-29 – we have reviewed our Bulk Charges Schedule and made changes for 2026/27 charges to make the information clearer and more accessible. We remain committed to making further improvements to the way information is presented in future years, e.g. depending on the outcomes of the CTWEBC working groups.
30	Incumbents must publish the charges covered by these rules in such a way that a New Appointee can confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Site.
	We have set out our charges in the Bulk Charges Schedule in a way that is clear and transparent. In addition, we have provided an online Excel template that can allow New Appointees to estimate charges for an individual site depending on the site characteristics.
31	Each Incumbent's Bulk Charges Schedules must be published on its website and in such other manner as the Incumbent considers appropriate for the purpose of bringing it to the attention of persons likely to be affected by these charges
	We have published the Bulk Charges Schedule on our website and have emailed individual New Appointees to make them aware of the publication
	Annex 1: Information requirements
A1	<p>Each Incumbent should provide to Ofwat an assurance statement from its Board of Directors and publish its statement no later than the time of publication of its final Bulk Charges confirming that:</p> <ul style="list-style-type: none"> (a) the company complies with its legal obligations relating to the Bulk Charges it has published, (b) the company has appropriate systems and processes in place (including up-to date models and data) to make sure that the information published about its Bulk Supply Charges and Bulk Discharge Charges is accurate, (c) the company has consulted with relevant stakeholders in a timely and effective manner on its Bulk Charges, and

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	(d) where the Avoided Costs are significantly different from the previous year's Avoided Costs, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated. For these purposes, 'significantly different' means by more than 10%.
	We note that the above requirement is not in effect for 2026/27 charges.