

## **Part 2 – Clause 42 Drainage: concessionary charges for community groups**

### **Issue**

Surface water, in the context of the clause of the Bill, is the rain water that runs off from a property into water companies' sewers. Ofwat encourages water companies to charge business customers according to the amount of rain that is thus discharged because charging in this way reflects the costs of transporting and treating rain water, which can be significant.

The clause on surface water charging is an enabling clause. It gives water companies an authority to charge certain groups of business customers a reduced amount for surface water services. It also allows Ofwat to approve such charges even if they infringe Ofwat's duties by being discriminatory in favour of certain customers at the expense of others.

The clause leaves each water company free to determine the groups of customers who will benefit, except that they must be business customers (as opposed to domestic customers) with community involvement. If the SoS produces guidance, which he does not have to do, water companies must follow it in determining the customers who benefit from a lower charge.

### **Water UK's view**

The clause implements the Secretary of State's decision that certain community groups should benefit from lower charges than warranted by the amount of rain water their properties discharge to sewers for treatment. We do not comment on the Minister's decision, only on how it is implemented.

We think that:

- The clause should make a duty on the Secretary of State to determine the properties and community groups benefiting from a reduced charge. Leaving companies to make this decision themselves opens them to pressures by local special-interest groups, comparisons with other companies, etc. As it was the Government's decision that certain groups should receive a benefit, we think the Government should determine these groups.
- The clause should provide that the reduced charge still bears a relationship to the cost of providing the service, so that there is an incentive on the beneficiaries to reduce the amount of rain water they discharge. Transporting and treating rain water has a significant cost because rain water has to be treated to the same full extent as foul water. Also, water companies have to provide additional sewerage, storage and treatment capacity to deal with the peak flows associated with rain water. It is therefore important that all customers should have an incentive to reduce this cost by their actions.

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Water UK represents all water and wastewater service suppliers at national and European level. The water industry has invested £85 billion since privatisation in 1989-90.