

### 1. Purpose

(1) The purpose of this document is to outline the policy for when and how Anglian Water Services Wholesale Service Centre ('WSC') increases or lower the Maximum Daily Demand ('MDD') charge for a site on the Profile Tariffs, which refers collectively to the Profile (Potable and Non-Potable), Profile Plus (Potable and Non-Potable), Profile Industrial (Non-Potable) and Profile Interruptible (Potable) Water Supply Tariffs and the Profile Plus Sewerage Tariffs. This document also sets out the steps required to identify where a site has exceeded its current MDD and how the MDD charging basis for that site can be changed to accommodate the increase in consumption.

### 2. Background – MDD Charge set out in the AWS Charges Schemes

(1) The Anglian Water Services ('AWS') Charges Scheme, made under Section 143 of the Water Industry Act 1991 ('the Act'), sets out detailed information on the MDD Charge. Accordingly, this policy should be read in conjunction with the current Charges Scheme.

(2) Where a site uses either 0.1 megalitres or more per day or 10 megalitres or more per annum, the supply will be charged on one of AWS's Profile Tariffs as set out in sub-paragraph 1(1) above.

(3) Each Profile Tariff includes a MDD charge, which is an annual charge based on the Peak Requirement for the Potable Water Supply to the site and/or, if appropriate, the Peak Requirement for the Non-Potable Water Supply to the site. The MDD charging is based on a site's peak cubic meter requirement ( $m^3$ ). The MDD data is produced by loggers or telemetry connected to the Meters.

(4) The AWS Charges Scheme sets out how the Peak Requirement is fixed for the whole of the Charging Year.

(5) The Peak Requirement, as described the Charges Scheme, will continue to apply thereafter unless it needs to be adjusted under three specific circumstances:

- (i) Wholesaler identifies a MDD increase; or
- (ii) Retailer requests a MDD increase; or

(iii) Retailer requests to lower the MDD.

(6) Each of the above circumstances requires a calculation of MDD exceedance, which is defined as “a day in which the daily peak demand is greater than 1m<sup>3</sup> of the current Maximum Daily Demand”.

(7) Set out below are the processes associated with each of the above three circumstances:

### **3. Wholesaler Identified MDD Increase**

(1) The Wholesale Service Centre ('WSC') will flag any MDD exceedances from the previous month using the MDD exceedance tool, created by Income and Tariffs: see **Appendix 1**.

(2) WSC will pursue those exceedances which meet the following criteria:

(i) supply points on the Profile Tariff which exceed greater than 1m<sup>3</sup> of the current MDD; or

(ii) supply points on the Profile Plus, Profile Interruptible and the Profile Industrial Non-Potable Tariffs which exceed greater than 5m<sup>3</sup> of the current MDD.

#### *Non-Aligned*

(3) Where the logger data does not align with a meter reading the site must be noted and checked the following month. If there are two consecutive months where the data does not align, a logger survey must be raised with the logger maintenance contractor, so that any issues with either the logger or meter may be promptly resolved.

#### *Aligned*

(4) Where a logger reading and meter reading align, the site will be checked to see if the exceedance was due to any Wholesale network issues such as a Water Quality incident or Supply Interruption. If there has been a network issue, the exceedance will be noted and the MDD will not be increased. A site will not be charged for exceedances caused by Wholesale operations.

### *Communication with the Retailer*

(5) For any exceedances that align and are not caused by Wholesale network issues, the WSC will contact the site's Retailer to inform them that the MDD will be increased unless there is a valid reason why the MDD should remain at the set level.

(6) Only the following exceptions will prevent an increase in MDD:

- (i) *Health and Safety*, which refers to any event where additional water has been used to prevent contamination, contagious disease, fire or any other event that would otherwise create a public health risk. This exception does not apply if the additional water usage has been solely for the purpose of an employer complying with its duty of care to its employees to ensure health and safety in the workplace.
- (ii) *Emergencies*, which refers to any emergency that results in AWS, the Environment Agency, local authority or the emergency services becoming a substantial part of the process to resolve it. In this context, emergency is defined as an immediate risk of serious pollution or harm to human health or circumstances that are likely to endanger life or health. Evidence of an emergency (such as contamination or fire) must be sent to or documented by Anglian Water Services, Environment Agency, local authority or the emergency services.
- (iii) *Animal Welfare*, which refers to any additional water for the purposes of animal welfare that falls outside the day to day operations of the Non-Household Customer's business, for example, to prevent widespread of a contagious disease or a public health risk.
- (iv) *Leak*, which refers to any leak permitted under AWS's Leakage Allowance Policy where the Customer provides sufficient evidence to AWS that they are not responsible for the leak. This exception does not include any leak on valves or accessible infrastructure that should be maintained by the Customer.

(7) In the event of leakage, if Anglian Water discover that a site is misusing water by not sufficiently maintaining its network to an acceptable standard, it may exercise its statutory powers under section 73 and section 74 of the Act to ensure water is used responsibly.

(8) If the Retailer cannot provide a valid reason for the exceedance within 10 working days, the site's MDD will be increased to the highest peak within the Billing Period. This MDD will continue at this adjusted Peak Requirement from the first date of the subsequent Billing Period and will not be adjusted downward for a minimum of 12 months.

(9) For any site using 25,000m<sup>3</sup> or more per annum where there is an exceedance, a capacity assessment will need to be completed by Asset Planning. Asset Planning will have 11 working days to provide a response which will be issued through the Growth and Equivalence Management System (GEMS). If reinforcements are required or the site benefits from a strategic scheme, Asset Planning will provide details of any costs.

#### **4. Retailer MDD Increase**

(1) Set out below are the separate processes to be followed when a Retailer requests a permanent MDD increase or temporary MDD increase.

##### *Permanent MDD Increase*

(2) Should a Retailer request to increase a site's MDD, they are required to submit a MDD request through the WSC. The WSC will send the request to the Asset Planning Team, who within 11 working days should inform the Retailer whether offsite reinforcements are required to accommodate the increase in consumption.

(3) If no reinforcements are required, the MDD will be increased from the next billing period.

(4) If reinforcements are required then the MDD increase is to be refused until the reinforcements are in place.

##### *Temporary MDD Increase*

(5) A Retailer can request a temporary upward adjustment in the MDD for a site where it is aware that a larger than normal peak demand is required. A temporary increase will only be applied if the following conditions are met:

- (i) the MDD exceedance is for an extraordinary event with proof (for example, commissioning new infrastructure or replacing a storage tank where water is required to run to waste will be taken as evidence); and
  - (ii) the Retailer notifies AWS at least 11 working days prior to the MDD exceedance; and
  - (iii) the exceedance only occurs at the time AWS allows the site to exceed; for example, "on the 12-13 July between 8pm and 6am"; and
  - (iv) there is sufficient capacity in the network to allow for the increase.
- (6) If the MDD exceedance does not meet all of these conditions, and if the site subsequently exceeds its temporary MDD as a result, then this MDD will be increased to the higher Peak Requirement for the next 12 months.

### **5. Retailer Request to Lower MDD**

- (1) With evidence, a Retailer can request to lower a site MDD once in a 12 month period. However, if a site exceeds the MDD within the following 12 months then the MDD will be back-dated to the date it was granted, unless 12 months of lower water usage has been demonstrated. The Retailer will not be able to lower the site MDD again for 12 months from the date of the subsequent exceedance.
- (2) For example:

*Retailer A has asked the WSC to lower the MDD of Hot Foods from 50 to 40m<sup>3</sup>. Retailer A has provided evidence that Hot Foods have not exceeded 40m<sup>3</sup> in the last year. The WSC agree to lower the MDD to 40m<sup>3</sup> on the 1<sup>st</sup> January 2015. On 31<sup>st</sup> March 2015 Hot Foods site exceeds its new MDD by 5m<sup>3</sup> to 45m<sup>3</sup>. The WSC confirm the exceedance is valid and increase the MDD to 45. The MDD is back-dated to 1<sup>st</sup> January and Retailer A cannot request a lower MDD for Hot Foods for the 12 months following the MDD exceedance. Therefore, the next time Retailer A (or another Retailer if Hot Foods switches Retailer during this period) can request a lower MDD is 30<sup>th</sup> March 2016. Should the MDD exceed again the same process applied. If the exceedance is within 12 months from the request to lower the MDD the site will be back billed from the date the MDD is lowered.*

(3) From April 2017, back-billing will be through the Market Operator following the R1 to RF reconciliation process as outlined by Open Water. The Market Operator will ensure that all accounts are settled within the timescales defined by the Market.

## **6. Applying Amended Charges**

(1) Once a revised MDD charge has been agreed by the WSC it will be applied for the start of subsequent billing period, including the recovery of back-dated charges.