

5.3.1. Water Abstraction proposals for 2018/19

We have not reviewed the structure of our water abstraction charges scheme as part of this Strategic Review of Charges as the intention is that this will happen over the next few years as part of a wider reform of the abstraction licensing system. The future reform of the licensing system is described in section 7. Whilst this work continues, there are a couple of shorter term changes that we wish to make, which we present in two proposals here. These proposals are required to ensure that our charging scheme is up to date, correctly reflects our regulatory work, and enables us to manage any surplus or deficit balances on our accounts in accordance with HM Treasury's Managing Public Money guidance.

Reduction to the Thames regional charging area Standard Unit Charge (SUC)

Income from abstraction licences from our Thames regional charging area customers amounts to £17.2 million per year. As part of this review we propose to reduce this to better reflect our actual costs.

To reflect this reduction and to rebalance the account, we are proposing to reduce the Thames regional charging area SUC from £13.84 to £11.48 from 1 April 2018, a reduction of 17%. The SUC is one of the factors that determines the Standard Charge part of our customer's total annual charge.

Consultation question

52. Do you agree with the proposal to reduce the Thames regional charging area Standard Unit Charge?

- Yes
- No
- Not applicable

If not, please explain why.

Removal of the River Alre as a Supported source in Schedule 1 to the Abstraction Charges Scheme

We propose to remove the two reaches of the River Alre which are defined in the charging scheme as supported sources. The reaches involved are:

- River Alre (northern) - from the upstream limit at grid reference SU 595 334, to a downstream limit at grid reference SU 590 334
- River Alre (southern) - from the upstream limit at grid reference SU 605 324, to a downstream limit at grid reference SU 573 324

These reaches of the River Alre no longer have their flow supported, due to the revocation of our abstraction licence for the transfer of the water, and a decommissioning of the support scheme in December 2015. We now need to redefine these two stretches as 'unsupported' in our charging scheme.

No current licence holders are affected by this proposal as the X3 supported source factor on these two stretches of river have been waived since the date of decommissioning of the scheme. Customers abstracting from these reaches in the future will no longer have this supported source multiplier applied to the Standard Charge part of their annual subsistence charge.

Consultation question

53. Do you agree with the proposal to remove the River Alre (northern and southern reaches) from the list of supported sources in the Abstraction charging scheme?

- Yes
- No
- Not applicable

If not, please explain why.