

COMMISSION INFORMATION NOTICE

Form
version 2.1

Change Proposal reference
(To be completed by the TP Sec.)

MCCP214-CC

Version No.

A.4

PART A — SUBMISSION

A.1. GENERAL DETAILS

A.1.a. TITLE

Live Rateable Value

A.1.b. CONTACT
NAME

Charles Yates
Andrea Mancini

CONTACT
EMAIL;
TEL./MOB.

Charles.yates@watercommission.co.uk
Andrea.Mancini@watercommission.co.uk

A.1.c. ASSOCIATED
DOCS.

MCCP201/OCCP050

A.2. MCCP / OCCP DETAILS

A.2.a. ISSUE OR DEFECT WHICH THIS MCCP / OCCP SEEKS TO ADDRESS

Following consultation in summer 2016, the Scottish Government has confirmed that from April 2018 unmeasured water, waste water and drainage charges will be calculated based on the current Rateable Value (RV) used by Councils to levy business rates rather than the historic values currently used by the water industry in Scotland.

The changes are to be phased in three steps between April 2018 and April 2020 such that charges are based solely on Live RV from 1 April 2020. The transitional arrangements are to be simple and easy to understand for customers with each Supply Point facing step changes of equal cash value between each year in the transitional period.

The CMA's March 2017 release created a new data item in the Central Systems for the Live RV. Following confirmation of the 2017 RVs by the Scottish Assessors, Live RVs for 100% of the SPIDs extracted for processing in May/June 2017 have been uploaded into the central systems.

This proposal is to make the necessary changes to the Central Systems to apply the Scottish Government's policy change within the settlement calculations, using Live RV to calculate relevant charges from April 2018 and applying the transitional arrangements until April 2020.

This section sets out the high-level approach which is to apply to calculating charges during and after the transitional period in order to achieve the Scottish Government's policy requirements following the consultations with trading parties in recent months. Trading Parties will be provided with sufficient visibility to enable calculated charges to be understood and reconciled.

For the transitional period of 2018/19 and 2019/20, the Wholesale Charges Scheme will include two separate sets of the following tariff rates and conversion factors to calculate RV based charges for customers who are subject to transition – one set of rates for use with the existing RV and the other for use with the Live RV:

- Roads Drainage tariff

- Property Drainage tariff
- Formulae for converting RV into an assessed volume for unmeasured Supply Points
- Table for converting RV into assessed meter size for unmeasured Supply Points

This will enable charges to be calculated based on the existing RV using the related tariff rates and conversion factors and the Live RV using the separate set of related tariff rates and conversion factors.

Different phasing factors, as set out in the table below, should be applied to the existing RV calculation and to the live RV calculation with the total RV based charges at a Supply Point being the weighted sum of these two calculations.

Financial Year	Phasing factor for existing RV calculation	Phasing factor for Live RV calculation
2018/19	67%	33%
2019/20	33%	67%
2020/21	0%	100%

For example, charges in 2018/19 would be:

(Existing RV applied to existing RV tariff rates and conversion factors x 67%) + (Live RV applied to Live RV tariff rates and conversion factors x 33%)

This will result in step changes between years of equal cash value, consistent with the Scottish Government's policy requirements. In a small number of cases there will be other factors to take into account such as valuation appeals which will result in the step changes between years for those SPIDs not being of exactly equal cash value.

Appendix 3 of the Wholesale Charges Scheme set out rules for setting the existing Rateable Value at the CMA including the arrangements relating to changes to premises.

In those limited circumstances where the existing Rateable Value recorded at the CMA is a value published by the Scottish Assessors with an effective date (at SAA) on or after 1 April 2017, the Supply Point will not be subject to transitional phasing. Such Supply Points will have RV based wholesale charges calculated by applying a dedicated set of non-transitional tariff rates and conversion factors to the Live RV. The non-transitional tariff rates will be adjusted for inflation annually.

If premises are split, merged, completely redeveloped or if there is a change of use during the transition period the transitional arrangements for the respective SPIDs will end. At that point RV based wholesale charges will be calculated by applying a dedicated set of non-transitional tariff rates and conversion factors to the Live RV. The non-transitional tariff rates will be adjusted for inflation annually.

The wholesale transition glide path would have to be recalculated if during the transition period:

- a) the Current RV is updated by the Licensed Provider to correct an error or to reflect an updated entry at SAA; or
- b) the Live RV is updated by Scottish Water to reflect changes to the Live RV made by the Assessor due to:

1. successful appeals against the Live RV,
2. corrections to the assigned valuation,
3. premises extensions or partial demolitions.

A.2.b. DRAFT LEGAL TEXT
Required under Market Code Parts 8.7.1 (ii) (d) and 8.8.1 (ii) (d)

A.3. IMPLEMENTATION DETAILS

A.3.a. TP ACTION REQUIRED

FOR INFORMATION

A.3.b. REQUIRED IMPLEMENTATION DATE

Prior to April 2018

A.3.c. ANY LIMITATIONS OR DEPENDENCIES FOR IMPLEMENTATION

A.4. ANY OTHER COMMENTS

PART B — IMPLEMENTATION

B.1. IMPLEMENTATION DATE	2018-02-01
--------------------------	------------

B.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)	
---	--

MC v37 Release 5.1	
-----------------------	--