

# Draft Customer FAQs

## **WHOLESALE CHARGE DEFERRAL SCHEME**

The Wholesale Charges Deferral Scheme (WCDS) is a temporary change to water and sewerage charging arrangements which is intended to provide financial support to businesses across Scotland that are adversely affected by COVID-19 restrictions. Under the WCDS, customers will be able to defer the payment of a proportion of their water and sewerage charges. The Scheme is currently anticipated to run to 24 September 2020, but may be extended to 31 December 2020. The deferred charges would then gradually be added to bills over the 12 months after the Scheme ends.

### **Does my business need to be affected by COVID-19 to be in the scheme?**

Yes, your business needs to be adversely impacted by COVID-19 to qualify for the WCDS.

### **How can the scheme help me?**

If you decide to take part in the Scheme your licensed provider will need to defer part of your water and sewerage charges until the Scheme ends or until you leave the scheme. This may help the cash flow of your business at this time, although you will need to pay the deferred charges to your licensed provider once the scheme ends or you leave the scheme.

### **How much of my charges could be deferred?**

Water and sewerage charges, other than Trade Effluent, can be partly deferred, but it depends on the services at your premises and the way they are provided. The level of deferrals that Scottish Water will apply to its wholesale charges for premises that are in WCDS are summarised below. Your licensed provider is required to pass on the full value of these deferrals in wholesale charges to customers through lower retail bills.

The deferrals are based on the type of premises you occupy:

1. Unmeasured - premises that don't have a water meter are charged either unmeasured water or foul sewerage charges,
2. Small metered - premises with a metered water supply - where none of the water meters are larger than 25mm (this is the size of the water meter used to apply fixed charges),
3. Large metered - premises with a metered water supply - where at least one of the water meters is larger than 25mm,
4. Drainage only - premises where the occupier is only charged rainwater drainage charges.

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<u>Premises type</u> > V <u>Charge Element</u>	Unmeasured water supplies	Small Metered All meters <=25mm	Large Metered Any meter > 25mm	Drainage Charges only
Water - fixed charge	60% deferral of wholesale charges	60% deferral of wholesale charges	No deferral of fixed charges	n/a
Water - volumetric charges		<b>100% deferral</b> Volumetric charge deferral ends after 2nd meter reading after 24 March 2020		n/a
Foul sewage - fixed charge		60% deferral of wholesale charges	No deferral of fixed charges	n/a
Foul sewage - volumetric charges		<b>100% deferral</b> Volumetric charge deferral ends after 2nd meter reading after 24 March 2020		n/a
Property Drainage		60% deferral of wholesale charges	No deferral of drainage charges	60% deferral of wholesale charges
Roads Drainage				
Trade Effluent - Fixed	No deferral of Trade Effluent charges			n/a
Trade Effluent - volumetric				n/a

For those customers and services where 60% of the wholesale charges will be deferred, it is expected that this will equate to around half of the equivalent retail charge. However, the exact proportion deferred will depend on the terms of the customer's contract with their licensed provider.

### **Why are water and sewerage charges not being 100% deferred for COVID-19 impacted businesses?**

The Scheme has been developed to balance support to the business and industry communities with the need to ensure that Scottish Water has the necessary monies to allow it to meet its core functions of continuing to provide water and sewerage services to households and businesses across Scotland.

### **Why does the Scheme not offer deferrals on fixed charges for sites with larger meters?**

The deferral of volumetric charges ensures that business customers impacted by the crisis receive bills that more accurately reflect their current use of water and waste water services. In addition, unmetered and smaller businesses are eligible for a 60% deferral of their wholesale fixed charges to provide further financial support through the current crisis.

### **What is the earliest date that charges can be deferred from?**

The earliest date that charges can be deferred from is 24 March 2020.

### **Do I need to apply for the Scheme?**

Yes. You should apply to your licensed provider to be part of the Scheme. Licensed providers need to notify Scottish Water that you have applied so that Scottish Water can defer the wholesale charges for your premises. You should visit your licensed provider's website to find out how to apply. Licensed providers can also apply for WCDS on the behalf of customers that they cannot contact if they consider the customers would benefit from the available deferrals.

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## **When will I need to pay the monies that are deferred?**

Deferred charges will be included in retail bills over 12 months following the end of the Scheme. The Scheme is currently expected to operate until 24 September 2020. In August a decision will be made if the Scheme needs to be extended to 31 December 2020.

Licensed providers will pay deferred wholesale charges to Scottish Water over a 12 month period following the end of the term to a schedule set by Scottish Water. The payment of deferred retail charges is expected to follow a similar timetable.

## **Can I get some money back from my licensed provider if I have already paid charges that cover the period since 24 March?**

Yes. As part of the process of applying for the Scheme your licensed provider will ask what you would like to do with any sums that could have been deferred under the Scheme.

## **Can I apply for the Scheme if I am behind with payments?**

Yes. The scheme is available to all customers. Being up to date with your charges is not a factor for this scheme.

## **Will my contract with my licensed provider be affected if I join the scheme?**

It will depend on your contract with your licensed provider. Your licensed provider may need to issue an amendment to cover your participation in the Scheme.

## **Once I am in the scheme can I leave it before the Scheme ends?**

Yes. You can leave the Scheme whenever you want. Any deferred charges would remain repayable over a 12 month period from the end of the Scheme.

## **Will Scottish Water want to contact me if I apply to join the scheme?**

Scottish Water may contact you to ensure that you are receiving the deferral that you requested. Licensed providers will therefore provide contact details to Scottish Water for customers that have applied for the Scheme as part of the application process.

## **I operate several premises. Will I need to make individual applications for each premises?**

It will depend on your licensed provider and if they are aware that you operate several premises.

## **Will being in the scheme impact my credit rating?**

Applying for the Scheme should not have any impact on your Credit Rating.

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## **Switching licensed provider and moving premises**

### **Will being in the WCDS stop me switching licensed provider?**

No. You will still be able to switch licensed provider if you are in the WCDS.

### **Will I need to apply for the WCDS if I move premises?**

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Yes, you should advise the licensed provider for your new premises that you want to continue in the Scheme at your new premises.

**If I move premises, will I still need to pay the deferred charges from my previous premises?**

Yes, the deferred charges will still need to be repaid to the licensed provider for your previous premises in a 12 month period from the end of the Scheme.

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## Support for householders

### **Why are there no deferral arrangements for householders, especially for those on reduced incomes that may be finding it difficult to cope?**

Local authorities bill water and sewerage charges along with Council Tax. Some households that have reduced income may qualify for reductions in Council Tax which may also reduce water and sewerage charges. Additionally, local authorities are offering revised payment arrangements for households that are facing additional financial pressures at this time.

### **Are household charges being used to provide subsidies for businesses?**

When developing the deferral arrangements, the Water Industry Commission for Scotland has made sure that these arrangements will have no impact on household charges.

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## Comparison with England and Wales

### **Why are the arrangements different from those that operate in England and Wales?**

The arrangements in Scotland need to be different to reflect the different legal and policy frameworks underpinning the retail market in Scotland compared with England, and the need to ensure that there is no overall detriment to Scottish Water's core functions.

### **Why are support measures for Scottish businesses only being announced now?**

In Scotland, the first support measures were announced in Scotland on 24 March 2020. That initial announcement revised the payment arrangements for wholesale charges between licensed providers and Scottish Water so that licensed providers no longer paid wholesale charges to Scottish Water 2 months in advance. That relaxation enabled licensed providers to pass on the benefit to customers. The Prepayment Refund Scheme ensures that all customers that have made prepayments are made aware that they can have prepayments refunded.

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