

Checklist for Avoided Costs

1 April 2025 to 31 March 2026



BRISTOL
WATER

Bristol Water - NAV's avoided costs

Checklist for 2025/26

This checklist shows the costs that Bristol have avoided with the setting of the bulk charges for NAVs, this is based on the Ofwat methodology of the 'wholesale-minus' approach. The checklist mirrors the checklist that has been developed by the sector level Bulk Charging Working Group, as published by Ofwat. As this is a standard checklist adopted by Bristol Water, not all of the activities are applicable to our bulk charges for NAVS.

Link to Ofwat checklist format:

<https://www.ofwat.gov.uk/regulated-companies/company-obligations/ofwat-regulating-the-industry-compliance-requirements-charging/new-appointee-bulk-charging-working-group/>

The values shown in the below checklist detail the avoided costs within the bulk charges, which have been calculated using the bottom-up approach. The avoided costs below are the **maximum** avoided costs per cubic metre, these have then been converted to a per band rate based on the standard methodology.

Code	Activity	Cost per cubic metre		Comments
		Water		
WATER				
WD1	Routine and adhoc water quality sampling. Regulatory monitoring at every site irrespective of size	£0.01		
WD2	DWI - Drinking Water Safety Planning (Water Supply (Water Quality) Regulations 2016 - Regs 27 & 28), Monthly water quality reporting, submission of annual data returns.	Within WD1		
WD3	Monitoring and auditing of Laboratory performance - Water Supply (Water Quality) Regulations 2016 - Regulation 16	Within WD1		
WD4	Water Fittings inspections - enforcement of Water Supply (Water Fittings) Regulations 1999	Within WD1		
WD5	Supplementary water quality monitoring e.g. Response to customer contacts,	Within WD1		
WD6	Additional flushing/sampling due to poor performance and/or condition of assets owned and maintained by the upstream incumbent	Within WD1		
WD7	Local Authority and Public Health England Liaison and updates.	Within WD1		
WD8	Planned Maintenance - e.g. flushing activities	£0.31		
WD9	Unplanned Maintenance	£0.01		
WD10	Emergency Response	Within WD9		
WD11	Meter maintenance / replacement	£0.00		
WD12	Meter accuracy testing costs	Within WD11		
WD13	Meter reading	Within WD11		
WD14	Battery replacement	Within WD11		
WD15	Arrangements for sharing meter data	Within WD11		
WD16	Standby arrangements	£0.00		
WD17	Incumbent bulk metering costs	X		This is not a cost that Bristol Water would avoid. would not incur any bulk metering costs if NAV entry did not happen.
WD18	Financial penalties for GSS failure - Also GSS payments made to customers as a consequence of upstream incumbent failure.	£0.00		
WD19	Network losses / unaccounted for water at a direct wholesale cost.	X		
WD20	Activities to monitor and control leakage/unaccounted for water	£0.10		
WD21	Wholesale cost for 'free' water provided under social tariffs	X		Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
WD22	Offsite network maintenance / repair (No income if NAV tariff assumes connection at boundary)	X		Bristol Water consider that the NAV would not undertake any offsite maintenance, so this is not a cost that Bristol Water would avoid. If required this would be arranged under a separate arrangement that does not fall within the bulk charge.

WD23	Water resource planning and drought plans	X	This is not a cost that Bristol Water would avoid. If the NAV has their own potable water resource, this may negate the need for bulk charges. If this arises then they should liaise with Bristol Water directly to make special arrangements with would not fall within the bulk charge.
CENTRAL COSTS			
C1	Finance/ HR / Legal and IT staff resource costs	£0.26	Central overhead costs have been assessed and split across the streams as a percentage based on services provided.
C2	Regulatory Costs - Licence fees, regulatory reporting and compliance	Within C1	
C3	NAV application and administration costs.	X	Bristol Water consider that these costs would be recovered directly from the NAV as part of their bidding/quotation costs.
C4	End customer billing and customer service costs	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
C5	Management costs	Within C1	Central overhead costs have been assessed and split across the streams as a percentage based on services provided.
C6	External consultancy		
C7	IT systems and development		
C8	Travel and subsistence		
C9	Vehicle fleet costs		
C10	Plant, tools and equipment		
C11	Health and Safety		
C12	Insurance		
C13	Employer pension		
C14	Employer NI		
C15	Premises and utilities		
C16	Telecommunication costs		
C17	Business Rates	X	Bristol Water does not avoid this cost
C18	Recruitment	Within C1	
C19	Training and Development	Within C1	
C20	Bank charges incl. those relating to customer income collection	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
C21	Customer bad debt and debt recovery costs.	Within C1	
C22	Revenue protection and voids management.	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
C23	External audit / accountancy costs	Within C1	
C24	Asset Financing Costs	X	Bristol Water for 2024/25 charges have not included any WACC within the charges as on site assests are now fully funded by developers
C25	Working Capital	X	Bristol Water for 2024/25 charges have not included any WACC within the charges as on site assests are now fully funded by developers
C26	Incumbent Working Capital	X	Bristol Water for 2024/25 charges have not included any WACC within the charges as on site assests are now fully funded by developers
C27	Marketing, Branding and Customer Relations	Within C1	
C28	Billing systems costs	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
C29	Billing and other postage / stationery costs	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.
C30	Cost of Debt	X	Bristol Water does not charge the NAV for any retail related activity, so this is not a cost that Bristol Water would avoid.