

Q.1

One of the key issues not included relates to the interaction of New Appointments and Variations (NAVs) with the incumbent undertakers.

Under the Bulk Supply/Discharge Agreements currently in place and relevant guidance from Ofwat NAVs are currently responsible for the collection of infrastructure charges from developers within its inset area and then passing this through to the incumbent undertaker. In this instance the NAV is being treated as the developer and no consideration is being made for its own network re-enforcement.

Furthermore in order to ensure that developers within the inset area are no worse off the infrastructure charges published have to match those of the incumbent.

Q.2

If all infrastructure charges raised by the NAV are passed through to the incumbent then a mechanism would be required to recover the actual costs from the developer that the NAV would incur in the requisitioning of a water or sewerage main. We therefore could not support this proposal.

Q.3

This could be an issue for the NAV as it currently matches its charging mechanism to that of the incumbent. A situation could arise where the incumbent significantly changes its approach to charging that the NAV has to match in order to ensure it is not financially exposed. However the NAV would have no say in the development of these charges or whether it was suitable for the customers it serves.

We would welcome innovation in the incumbents charges that reflected the position of NAVs in the supply chain as owners/operators of the local distribution networks. Charges should also be reflective of the services provided.

Q.4.

Increased transparency of the charges set and there development would be welcome.

Q.5

The introduction of wastewater asset payments could have a deleterious effect on the viability of new inset opportunities. Further clarification would be required in this area.

Q.6

In principle this is fine but it does add additional administrative burden and cost to the business. Ofwat would need to take a reasonable and proportionate view with NAVs.

Q.7

No comment

Q.8

Reference to NAVs needs to be included

Q.9

Due to the NAV/incumbent relationship it would be appropriate that the incumbent has to engage and take account of the NAV as a key stakeholder.

Q.10

No comment