



Modification of Albion Water's appointments as a water undertaker and as a sewerage undertaker

On 15 July 2013, Ofwat began a consultation on a proposal to modify Albion Water's conditions of appointment as a water undertaker, with consequential amendments to Albion Water's conditions of appointment as a sewerage undertaker. The consultation ended on 12 August 2013. We received representations from two organisations, which we considered in making our decision. On 20 September 2013, we modified Albion Water's appointment conditions as both a water and sewerage undertaker.

This notice gives our reasons for modifying Albion Water's appointment conditions.

Background and reasons for modifications

Albion Water became a water undertaker in May 1999. Since then its only water customer has been a single large industrial customer. In 2009 Albion Water became a sewerage undertaker, providing sewerage services for a site called Knowle Village (in Southern Water's area). On 20 August 2013, we granted Albion Water a variation to its water only appointment and a variation to its sewerage only appointment to enable it to provide water and sewerage services to a residential site in Thames Water's area called Rissington.

Albion Water is unique in having two different sets of appointment conditions for its two appointments. Up until now this has been appropriate as its sites have been either water only sites or sewerage only sites. As the Rissington site is for water and sewerage it is now appropriate (as far as possible) to consolidate the two sets of conditions into one set.

It is also necessary to modify Albion Water's current water appointment conditions to reflect the fact that it supplies not only a single large user customer but also household customers.

The primary purposes of the modifications are to:

1. consolidate, where appropriate, the two sets of conditions; and
2. introduce standard customer protection provisions into Albion Water's water appointment conditions.

In consolidating the two sets of conditions, no substantive changes have been introduced other than to ensure that Albion Water's water only appointment includes appropriate customer protection provisions.

Summary of modifications

Condition B: Charges

A new provision has been inserted into Albion Water's water only conditions. This provides that until Albion Water becomes subject to its own price review, its charges may not exceed the charges of the incumbent undertaker. This is a standard provision that is in the licence conditions of all new appointees.

Condition D: Charges Schemes

Condition D in Albion Water's water only conditions has previously been suspended as Albion Water only had one water customer. We have now activated condition D so that Albion Water is required to have a charges scheme in place at all times.

Condition E: Prohibition on Undue Discrimination and Undue Preference and Information on Charges

The purpose of condition E is to prevent discrimination in customer charges. As Albion Water had only had one water customer up to now, Condition E was suspended in its water only appointment conditions. We have now activated condition E.

Condition O: Circumstances in which a replacement appointment may be made

Albion Water's current water only appointment may be terminated by the Welsh Ministers on one year's notice whereas its sewerage only appointment may be terminated on 25 years' notice. As it is not proposed to make any substantive changes, the modifications to condition O retain the status quo. Therefore, in respect of Albion Water's large user water customer, the appointment may be terminated on one year's notice but for all other sites (water and sewerage) its appointment may be terminated on 25 years' notice.

Activation of other conditions

We have activated the following conditions, which were previously suspended in respect of Albion Water's water appointment:

- Condition G: Code of Practice for Customers and relations with the Consumer Council for Water
- Condition H: Code of Practice and Procedure on Disconnection
- Condition I: Code of Practice and Procedure on Leakage
- Condition J: Levels of Service Information and Service Targets
- Condition L: Underground Asset Management Plans
- Condition Q: Interruptions in Supply because of Drought

Consultation

The modifications have been effected by agreement with Albion Water so the provisions of section 13 of the Water Industry Act 1991 (WIA91) apply. Accordingly, we consulted on a proposal to modify Albion Water's licence conditions for 28 days from 15 July to 12 August. Additionally, we notified the Secretary of State and the Welsh Ministers.

We received two responses to our consultation, one from the Consumer Council for Water (CCWater) and one from the Secretary of State. Neither response was an objection. CCWater welcomed the move to bring Albion Water in line with other appointees. The Secretary of State supported our proposed amendments.

Conclusion

Having taken account of the responses we have received to our consultation, we decided to modify Albion Water's conditions of appointment as a water undertaker and its conditions of appointment as a sewerage undertaker. The modifications became effective on 21 September 2013.