

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTION 13(1)

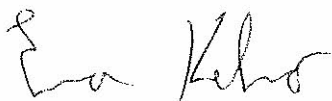
**Modification of the Conditions of Appointments of
Independent Water Networks Ltd**

Made on 24 July 2018

Coming into effect on 25 July 2018

The Water Services Regulation Authority, in exercise of the power conferred on it by section 13(1) of the Water Industry Act 1991 (the "Act"), after giving notice as required by section 13(2) of the Act, hereby makes the modifications described in the Schedule attached hereto to the Conditions of the Appointments of Independent Water Networks Ltd (the "Appointee") as a water and sewerage undertaker under Chapter I of Part II of the Act, the Appointee having consented to these modifications.

**Signed for and on behalf of the
Water Services Regulation Authority**

A handwritten signature in black ink, appearing to read 'Emma Kelso', written in a cursive style.

**Emma Kelso
Senior Director Customers and Casework**

Schedule

In Condition B, delete paragraph 1A and replace with the following:

1A. Application and transitional provisions

- 1A.1 Paragraphs 3 to 17 of this Condition shall not apply until the Water Services Regulation Authority has given notice to the Appointee of their application.
- 1A.2 Before the Water Services Regulation Authority gives notice under sub-paragraph 1A.1, it may determine the question of what the Adjustment Factor should be for such number of consecutive Charging Years (not exceeding five) as the Water Services Regulation Authority considers appropriate, starting with the Charging Year starting on 1st April immediately after it has given notice under sub-paragraph 1A.1. The Water Services Regulation Authority shall give notice to the Appointee of its determination not later than the thirty-first day of December immediately preceding the first of the Charging Years in respect of which it is setting the Adjustment Factor.
- 1A.3 Subject to sub-paragraph 1A.5, until the Water Services Regulation Authority has given notice under sub-paragraph 1A.1, the Appointee shall not make or fix the amount of any Relevant Charge at an amount that is greater than the amount set out in sub-paragraph 1A.4.
- 1A.4 A Relevant Charge may not be greater than:
- a) subject to sub-paragraph 1A.5, for Eligible Customers, where the Incumbent's area is a retail exit area, a charge fixed in the most recent Scheme of Terms and Conditions published by the Relevant Licensee for Transferred Premises, that would have been applicable to each Eligible Customer had that customer occupied Transferred Premises and been a customer of the Relevant Licensee;
 - b) for all other charges, a Relevant Charge fixed by the Incumbent for the same charging year that would, but for the Appointments or any subsequent variation, have applied to any particular part of the Area.
- 1A.5 Sub-paragraphs 1A.3 and 1A.4 do not apply to Eligible Customers who employ more than 250 employees and who became customers of the Appointee after 1 April 2018. For these customers, the Appointee's charges must be reasonable and must comply with Condition E.
- 1A.6 Sub-paragraphs 1A.3 and 1A.4 do not place an obligation on the Appointee to change its Relevant Charges more than once with respect to any Charging Year.
- 1A.7 For the purposes of this paragraph 1A:

"Relevant Charge" means, for any supply of water provided, or provision of sewerage services made, or reception, treatment and disposal of trade effluent which takes place, a charge fixed under any such charges scheme as is referred to in section 143 of the Water Industry Act 1991;

"Eligible Customer" means the owner or occupier of Eligible Premises in the Appointee's Area and "Eligible Premises" has the meaning given in the Wholesale-Retail Code;

"Relevant Licensee" means the Acquiring Licensee, or its successors in title, specified in the Incumbent's Exit Application, and "Acquiring Licensee" and "Exit Application" have the meaning given in the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016;

"Scheme of Terms and Conditions" means a Scheme of Terms and Conditions made under the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016; and

"Transferred Premises" has the meaning given in the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016.

