



Charging Ofwat,
Centre City Tower,
7 Hill Street
Birmingham,
B5 4UA

29th May 2019

Via e-mail

Dear Ofwat

Re: Consultation -- charging rules for new connections and new developments for English companies from April 2020.

I am writing to you on behalf of independent Water Networks Limited ("IWNL"), part of the BUUK Infrastructure Group of companies, in response to your consultation on revisions to charging rules for new connections and the draft policy document.

We welcome the recognition that there needs to be a level playing field to support a more vibrant and competitive market for developer services. We also welcome the new additional information requirement with respect to increases in bills. We, however, remain concerned that it is an unintended consequence of the need for a change that developers will now no longer benefit from key discounts and income offset for onsite developments.

Detail responses to the consultation.

- We welcome Ofwats proposed information requirements to support bill stability but do not agree with a higher threshold for changes of 10%. We acknowledge Ofwats recognition that each development on its own is a one-off service but would argue that most customers for new connections (not revisions to existing services) are making many applications for connections. Consistency and stability of service and charges are therefore equally important to them as any other type of customer. We therefore think the threshold should remain consistent with all other customer types at 5%.
- We support Ofwats determination to ensure that there remains a level playing field for all types of infrastructure providers, including NAVs. However, we remain concerned that developers have lost direct access to income offset for on site works. We understand that this will be offset by equal opposite changes to Offsite reinforcement costs, but this will impact individual developments differently. We therefore are concerned that this change requires significant scrutiny from Ofwat within company's application of rule 19. We recognise the work Ofwat has done with companies in the application of the 2018/19 charging rules but remain concerned that customers have not been sufficiently engaged by incumbents in the impact of this change. We would request that this is further explained by incumbent water companies. We welcome the workshops that some incumbents have set up to explain these changes, but this is for only a minority. We would welcome further explicit minimum guidance for companies to engage with all customers before they are able to implement changes.

We look forward to working with Ofwat and incumbents to minimise the impact and maximise the understanding of these changes on new connection customers. Therefore, please do not hesitate to contact us if you have any further questions.

Kind regards

[Redacted signature]

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