

December 2019

Notification that VUR Village Trading No 1 Ltd has applied for a Water Supply Licence and Sewerage Licence with a self-supply authorisation

About this document

VUR Village Trading No 1 Ltd ("**Village Hotels**"), a registered company with company number 418878, whose contact address is at 600 Lakeside Drive, Centre Park, Warrington, WA1 1RW, has applied for a retail restricted to self-supply licence with authorisation for water and sewerage ("**WSSL**").

This document provides notice of the application.

1. The application

On 15 November 2019, Village Hotels applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable Village Hotels to provide retail services to itself and associated persons.

A WSSL limited to self-supply will only be granted to supply premises supplied or served using the water supply or sewerage system of an undertaker whose area is wholly or mainly in England.

Synopsis of the business plan

Village Hotel are a growing hotel chain with 30 hotels across the UK currently and several more due to open over the next few years. Throughout its time in the hotel industry, its ambition has been to reinvent the notion of hospitality. It has always aimed to provide modern, unique accommodation and facilities, inviting its customers to shape their own experiences. Each of its sites have a large indoor pool and modern gym with state-of-the-art equipment. At Village Hotel, water is a crucial element of the day to day running of its hotels, restaurants and gyms. Ensuring every guest is able to shower, swimming pools, and food prep in the kitchens are just some of the key reasons why water is essential. Village Hotel currently have AMR devices on the majority of its hotels to help monitor the usage at each site. This helps flag any unusual usage and potential leakage.

Village Hotel expanded its sustainability plan for 2019 to include water reducing processes. It is aiming to pass down this attitude through to staff and will start to communicate with hotel guests about how to be more aware of environmental impact during their stays. It is also implementing energy efficient designs in all new build hotels. This is one of the drivers for it applying for a Self-Supply License. Currently it feels like it has little control over water, and this would ensure it is focusing more on become more water efficient at its sites.

Self-supply for Village Hotel provides an opportunity to build on the works already undertaken and develop its partnership with Waterscan whilst driving cost and consumption control, particularly through the management of AMR across its estate. In addition, it hopes that being an active participant in the market will drive further innovation and provide a direct customer voice in MOSL discussions.

The opening up of the UK's water retail market in April 2017 gives business customers more choice over where and how they source their water, and most importantly the ability for non-household customers to supply themselves. Village Hotel believe that having a self-supply licence will give it a chance to take more control over its own water use and effluent discharge, dealing directly with the wholesalers and to build on the success of our water programs.

In order to facilitate this application, Village Hotel have entered a partnership agreement with Waterscan to take on the role and responsibilities for the retail functions including meter reading, CMOS transactions, wholesaler management and finding further water efficiency savings. As such, Waterscan will act as the managing agent for Village Hotel and provide technical support and services while the business will build on its key relationships with wholesalers and pay water and sewerage charges through the settlement process. This partnership will take the form of a contractual agreement between the parties and will be submitted as part of the licence process.

As a self-supply licensee, Village Hotel will:

1. Pay wholesale prices – the price that retailers pay to the water companies
2. Not pay retail margin added by suppliers in the open water market
3. Become a market participant including membership of MOSL with voting rights and the ability to directly influence the market
4. Be able to supply water services to multiple sites

2. Standard licence conditions

Under sections 17H and 17HA of the Act, the Secretary of State has issued standard licence conditions that apply to all water and sewerage services licensees. The standard conditions can be found on the [government website](#).

Under sections 17H(6) and 17HA(7) of the Act, in granting a licence, Ofwat may exclude or modify those standard licence conditions to such an extent as we consider appropriate to meet the circumstances of a particular case.

Following consultation, on 10 September 2018, Ofwat modified the standard licence conditions to make them applicable to self supply licensees.

Under Part A.2 of the Standard Licence Conditions Ofwat may issues a Condition A2 direction bringing certain provisions of the Standard Licence Conditions into effect. In order to regulate self supply licensees in a proportionate manner, some of the provisions that apply to other licensees are not brought into effect for self supply licensees. These relate to the obligation to provide an annual certificate of adequacy (A.4); the provision on arm's length transactions (A.7); and the requirement to comply with the Customer Protection Code of Practice (B.2). A provision that only applies to self supply licensees is brought into effect, namely the requirement to publish and keep up to date, a list of all the associated companies that are being supplied by the licensee.

How to respond

Any person who wishes to make representations or objections with respect to the application should do so in writing (which includes by email) to Ofwat at Centre City Tower, 7 Hill Street, Birmingham, B5 4UA.

Representations must be received by Ofwat no later than 17.00 hours on 23 January 2020. Further information about how to make representations or objections, including information on the treatment of confidential information, can be obtained from Ofwat at the above address or at <http://www.ofwat.gov.uk/foi/>

Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.

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