

August 2020

**Variation of Leep Networks (Water)
Limited's appointment to include Liverpool
International Business Park in Liverpool and
MediaCityUK in Salford**

19 August 2020

Trust in water

Variation of Leep Networks (Water) Limited 's appointment to include Liverpool International Business Park in Liverpool and MediaCityUK in Salford

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1. About this document

Variation of Leep Networks (Water) Limited's appointment to include Liverpool International Business Park and MediaCityUK

On 9 June 2020, Ofwat consulted on a proposal to vary Leep Networks (Water) Limited's appointment to become the water and sewerage services provider for two sites, called Liverpool International Business Park and MediaCityUK ("**the Sites**"). This was part of a wider consultation about the change of ownership and control of Leep Networks (Water) Limited (previously named SSE Water Limited).

The consultation ended on 8 July 2020. In response to the consultation, we received representations from one organisation, which we considered in making our decision. On 13 August 2020, we granted Leep Networks (Water) Limited a variation to its existing appointment to enable it to supply water and sewerage services to the Sites. We also terminated the appointment of Leep Water Networks Limited. Both of these changes come into force on 1 October 2020.

This notice gives our reasons for making the decision to vary the area of appointment of Leep Networks (Water) Limited and to terminate the appointment of Leep Water Networks Limited.

We have also modified the appointment conditions of Leep Networks (Water) Limited and provide our reasons for doing so in a [separate decision document](#) that is published alongside this document.

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2. Introduction

In April 2019 Leep Utilities Limited¹ ("**Leep**"), acquired SSE Water Limited from SSE plc. SSE Water Limited held an appointment as a water and sewerage undertaker. SSE Water Limited was subsequently renamed Leep Networks (Water) Limited.

At the time of the acquisition, Leep already owned a water company, Leep Water Networks, which supplied water and sewerage services to two sites: MediaCityUK and Liverpool International Business Park. Following the acquisition, therefore, Leep owned two water companies: Leep Water Networks and Leep Networks (Water) Limited (formerly SSE Water).

From May 2019, Leep ran the two businesses separately but following our decision to vary Leep Networks (Water) Limited's area of appointment and to terminate the appointment of Leep Water Networks, all the sites previously operated by these two companies will now be operated and managed under one legal entity effective from 1 October 2020.

¹ Company number 10742452

3. The legal framework

The new appointment and variation mechanism, specified by Parliament and set out in primary legislation, allows one company to replace the current company as the provider of water and sewerage services for a specific area. This mechanism can be used by new companies to enter the market and by existing companies to expand into areas where they are not the appointed company. In this case, Leep Networks (Water) Limited applied to replace Leep Water Networks Limited to become the appointed water and sewerage company for the Sites.

A company may apply for a new appointment (or a variation of its existing appointment to serve an additional site) if any of the following three criteria are met:

- None of the premises in the proposed area of appointment is served by the existing appointed company at the time the appointment is made (the “**unserved criterion**”); or
- Each premises is likely to be supplied with at least 50 mega litres per year (in England) or at least 250 mega litres per year (in Wales) and the customer in relation to each premises consents (“**the large user criterion**”); or
- The existing water and sewerage supplier in the area consents to the appointment (“**the consent criterion**”).

When considering applications for new appointments and variations, Ofwat operates within the statutory framework set out by Parliament, including our duty to protect consumers, wherever appropriate by promoting effective competition. When assessing applications for new appointments and variations, the two key policy principles we apply are:

1. Customers, or future customers, should be no worse off than if they had been supplied by the existing appointee; and
2. We must be satisfied that an applicant will be able to finance the proper carrying out of its functions as a water and/or sewerage company.

4. The application

Leep Water Networks has consented to the termination of its appointment and Leep Networks (Water) Limited has therefore applied to be the water and sewerage services appointee for the two sites under the consent criterion set out in section 7(4)(a) of the Water Industry Act 1991 (“**WIA91**”).

Leep Water Networks previously served both sites by way of a bulk supply and bulk discharge agreement with United Utilities. Leep Networks (Water) Limited will continue to supply customers via those agreements.

3.1 Financial viability of the proposal

We will only make an appointment if we are satisfied that the proposal poses a low risk of being financially non-viable. We assess the risk of financial viability on a site-by-site basis and also consider the financial position of the company as a whole.

Based on the information available to us, we concluded the application demonstrates sufficient financial viability, and Leep Networks (Water) Limited has satisfied us that it can finance its functions and that it is able to properly carry them out.

3.2 Assessment of ‘no worse off’

With regard to service levels, we have reviewed Leep Networks (Water) Limited's Codes of Practice and its proposed service levels and compared these to the Codes of Practice and service levels of Leep Water Networks Limited. Based on this review, we are satisfied that customers will be offered an appropriate level of service by Leep Networks (Water) Limited and that overall customers will be ‘no worse off’ being served by Leep Networks (Water) Limited instead of by Leep Water Networks Limited.

5. Responses received to the consultation

The only response to our consultation was from Portsmouth Water which stated that it supported our proposal. A copy of the response can be found at Appendix A1 of ['Leep Networks \(Water\) Limited \(formerly SSE Water Limited\): Conclusions on Change of Control and Licence Modifications'](#).

6. Conclusion

Having assessed Leep Networks (Water) Limited's application, and having taken account of the response received to our consultation, we decided to grant a variation to Leep Networks (Water) Limited's area of appointment to allow it to serve the Sites for water and sewerage services. At the same time we terminated the appointment of Leep Water Networks Limited]. The [variation and termination](#) become effective on 1 October 2020.

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

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533
Website: www.ofwat.gov.uk
Email: mailbox@ofwat.gov.uk

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