

## Variation of Independent Water Networks Limited's appointment to include Bilsham Road, Yapton

On 17 May 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("**Independent Water Networks**") appointment to become the water and sewerage services provider for a development in Portsmouth Water Limited's ("**Portsmouth Water**") water supply area and Southern Water Services Limited's ("**Southern Water**") sewerage services area called Bilsham Road, Yapton ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 17 June 2022. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document.

We will only make an appointment or variation if our assessment concludes that the application meets the criterion it has been made under; that customers or future customers on the site will be no worse off than if the site had been served by the existing appointee; and if the applicant will be able to finance the proper carrying out of its functions as a water and/or sewerage company. As set out in our consultation we are satisfied this is the case. The responses we have received to the consultation have not changed that view.

Having assessed Independent Water Networks' application and having taken account of the responses we received to our consultation, we decided to grant a variation to Independent Water Networks' area of appointment to allow it to serve the Site for water and sewerage services. This appointment became effective on 26 July 2022.

The Site maps for the variation can be found in Section 2 of this document.

The variation notice legally making the variation can be found in Section 3 of this document.

## 1. Responses received to the consultation

We received responses to our consultation from three organisations: the Consumer Council for Water (“**CCW**”), Drinking Water Inspectorate (“**DWI**”) and Environment Agency. We considered these responses before making the decision to vary Independent Water Networks' appointment.

The DWI and the Environment Agency had no comments to make with regard to this consultation and did not have any objections. The points raised in the response from CCW are set out below.

### CCW

CCW states that in general it expects applicants for a new appointment and/or variation (“**NAV**”) to provide customers with prices, levels of service and service guarantees that match or, ideally, better those of the incumbent. This is particularly true for developments that include domestic housing, as household customers cannot choose or switch supplier.

CCW is disappointed that there will be no direct financial benefit to customers from having Independent Water Networks as their provider of water and sewerage services, as Independent Water Networks intends to match Portsmouth Water's and Southern Water's charges.

However, CCW is aware that Independent Water Networks currently offers a discount of 2.5% against the incumbents' charges and offers discounts to those of its customers who are able to and opt to take up e-billing or pay by direct debit. CCW considers that Independent Water Networks' service levels generally match or exceed those of the incumbent, so overall CCW supports the application.

CCW notes that, due to the relatively small size of its customer base, Independent Water Networks does not currently offer a social tariff to financially vulnerable customers in the way the incumbents do, but will offer the standard WaterSure tariff for qualifying customers. CCW states that it is appropriate for Independent Water Networks to tailor some of the services that it provides until it can provide a formal social tariff. CCW sets out its expectation that Independent Water Networks would offer appropriate, flexible support to any customer in financial difficulty who would otherwise have benefitted from a social tariff and that this should not be at the expense of its other customers. CCW considers that by matching the incumbents' charges Independent Water Networks already benefits from the cross-subsidy the incumbents' customers pay to support the incumbents' social tariff.

CCW notes our conclusion that, as a result of the variation, Portsmouth Water's existing customers would see a £0.02 increase on their annual water bills and Southern Water's existing customers would see a £0.01 increase on their annual sewerage bills. CCW appreciates this is a negligible impact but is unclear whether there will be any significant benefits to the existing customers of the incumbents. It questions the value of the NAV regime if it cannot deliver benefits to all customers.

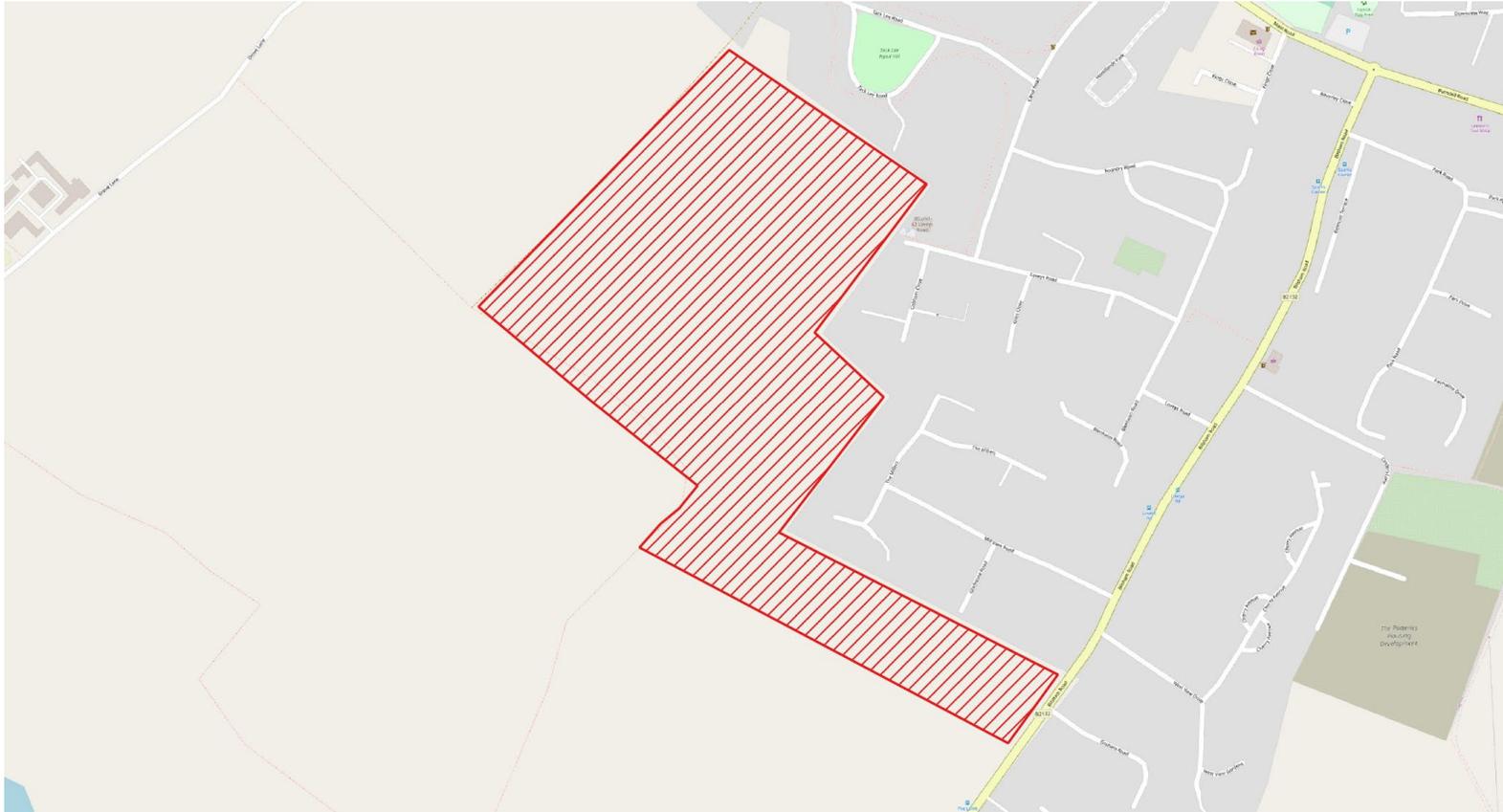
### **Our response**

One of our key policies when considering NAV applications is that customers should be no worse off if a NAV is granted. That is, an applicant must ensure its new customers are made no worse off in terms of charges and service than if they had been supplied by the previous appointee. We do not require applicants to better the service and price of previous incumbents.

Vulnerable customers may not be aware of the social tariff that would be available to them if they were served by the incumbent rather than by the applicant. It is the responsibility of the applicant to identify and protect vulnerable customers on the Site. Although the applicant does not offer a social tariff, it should ensure customers will be no worse off.

## 2. Site Maps

### Water



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND PORTSMOUTH WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 25 July 2022

ADDRESS: BILSHAM ROAD, YAPTON, ARUN, WEST SUSSEX BN18 0JW.  
OS GRID REFERENCE: 497788,102512  
SCALE: 1:4500  
DRAWN BY: NS  
DATE: 24/03/2022

*Laura Clayton*

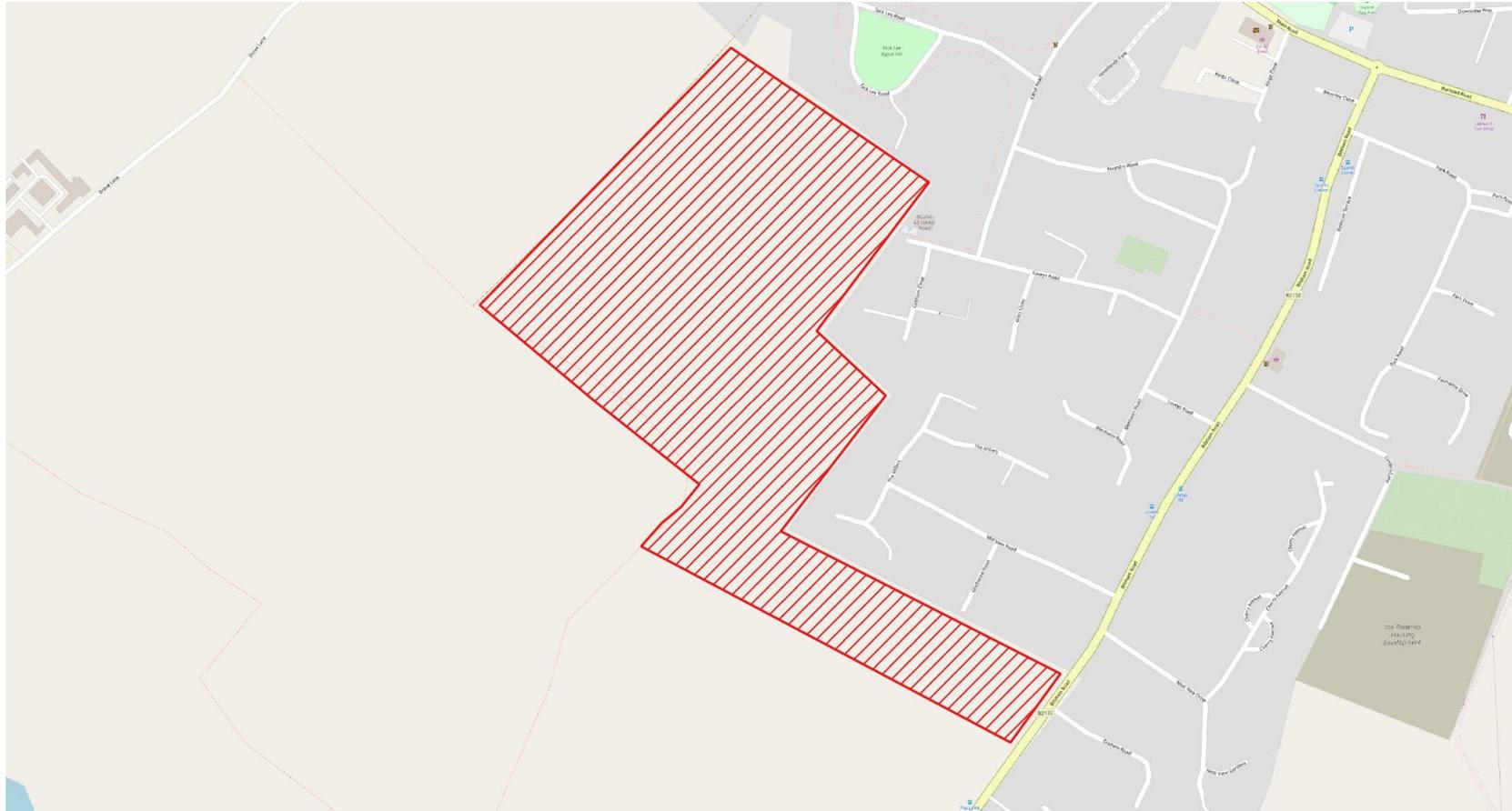
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BILSHAM ROAD INSET WATETR  
MAP 1



Variation of Independent Water Networks Limited's appointment to include Bilsham Road, Yapton

Sewerage



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTHERN WATER SERVICES LIMITED, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ... 25 July 2022

ADDRESS: BILSHAM ROAD, YAPTON, ARUN, WEST SUSSEX BN18 0JW.  
OS GRID REFERENCE: 497788,102512  
SCALE: 1:4500  
DRAWN BY: NS  
DATE: 24/03/2022

*Laura Clougher*

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BILSHAM ROAD INSET SEWERAGE MAP 1

### 3. Variation Notice

**WATER SERVICES REGULATION AUTHORITY**  
**WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9**

**Variation of the Appointments of Independent Water Networks Limited, Portsmouth Water Limited and Southern Water Services Limited as Water and Sewerage Undertakers**

Made on 25 July 2022

Coming into effect on 26 July 2022

1. Independent Water Networks Limited ("Independent Water Networks") and Southern Water Services Limited ("Southern Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").<sup>1</sup> Portsmouth Water Limited ("Portsmouth Water") holds an appointment as a water undertaker for its area ("Water Supply Area"). The areas to which the Appointments of Independent Water Networks, Portsmouth Water and Southern Water as water and sewerage undertakers relate ("Water Supply Area" and "Sewerage Services Area") are set out in their Instruments of Appointment.
2. The site called Bilsham Road, Yapton, West Sussex which is shown edged in red on the plan attached to this variation ("the Site") is within Portsmouth Water's Water Supply Area and Southern Water's Sewerage Services Area. The Site is being developed by Thakeham Partnerships Limited.
3. Independent Water Networks has applied under section 7(4)(b) of the Water Industry Act 1991 ("the Act") for a variation of its Appointment as a water and sewerage undertaker to include the Site and for a consequential variation of Portsmouth Water's and Southern Water's Appointments to exclude the Site.
4. On 27 June 1995, the Secretary of State for the Environment and the Secretary of State for Wales acting jointly and pursuant to sections 6(1) and 7(2) of the Act authorised the Director General of Water Services<sup>2</sup> to make variations such as those contained in paragraph 5 below. After public consultation, as required by section 8 of the Act, the Water Services Regulation Authority has decided that it should grant Independent Water Networks' application.

<sup>1</sup> Portsmouth Water's original Appointment as a water undertaker and Southern Water's original Appointment as a water and sewerage undertaker were made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent Water Networks' original Appointment as a water and sewerage undertaker was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

<sup>2</sup> With effect from 1 April 2006 the functions of the Director General of Water Services were transferred to the Water Services Regulation Authority in accordance with section 36 of, and Schedule 3 to, the Water Act 2003.

5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Thakeham Partnerships Limited, the Water Services Regulation Authority varies—

- (a) the Appointment of Independent Water Networks as a water and sewerage undertaker so that the Site is included in Independent Water Networks' Water Supply Area and Sewerage Services Area;
- (b) the Appointment of Portsmouth Water as a water undertaker so that the Site is excluded from Portsmouth Water's Water Supply Area; and
- (c) the Appointment of Southern Water as a sewerage undertaker so that the Site is excluded from Southern Water's Sewerage Services Area.

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

*Laura Clougher*

**Laura Clougher**  
**Principal, Casework and Enforcement**