Variation of Independent Water Networks Limited’s appointment to include Hill View Farm, Marston in Oxfordshire

On 25 July 2022, Ofwat began a consultation on a proposal to vary Independent Water Networks Limited's (“**Independent Water Networks**”) appointment to become the water services provider for a development in Thames Water Utilities Limited's (“**Thames Water**”) water supply area called Hill View Farm, Marston in Oxfordshire (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 22 August 2022. During the consultation period, we received a representation from one organisation, which is 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 services. This appointment became effective on 26 August 2022.

The Site Map 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 one response to our consultation from the Environment Agency. We considered this response before making the decision to vary Independent Water Networks' appointment.

The Environment Agency had no concerns or comments to make with regard to this consultation and did not have any objections. The Consumer Council for Water ("**CCW**") no longer responds to individual consultations, but has set out its statement of position as detailed below.

CCW

As part of the application process Ofwat has engaged with CCW. CCW's position is that new appointments and variations ("**NAVs**") should bring benefits to customers on the proposed NAV site. CCW expects NAV appointees to provide consumers with prices, levels of service or service guarantees that match or, ideally, better those of incumbent water and/or sewerage companies. CCW has stated that it is satisfied that Independent Water Networks, as an established NAV appointee, offers customers on its NAV sites prices and levels of service which match or better those offered by the incumbent water and/or sewerage companies which would otherwise serve the site. CCW therefore agrees with Ofwat's assessment that customers on the Site will be no worse off if served by Independent Water Networks and so, overall, supports the proposed variation of appointment.

CCW recognises that due to the small size of Independent Water Networks' customer base, it does not currently offer its financial vulnerable customers a social tariff in the way that the incumbent companies do but does offer the standard WaterSure tariff for qualifying customers. CCW considers that it is appropriate for Independent Water Networks' to tailor the services it provides, until it can offer a formal social tariff, ensuring customers are provided with appropriate flexible support where needed.

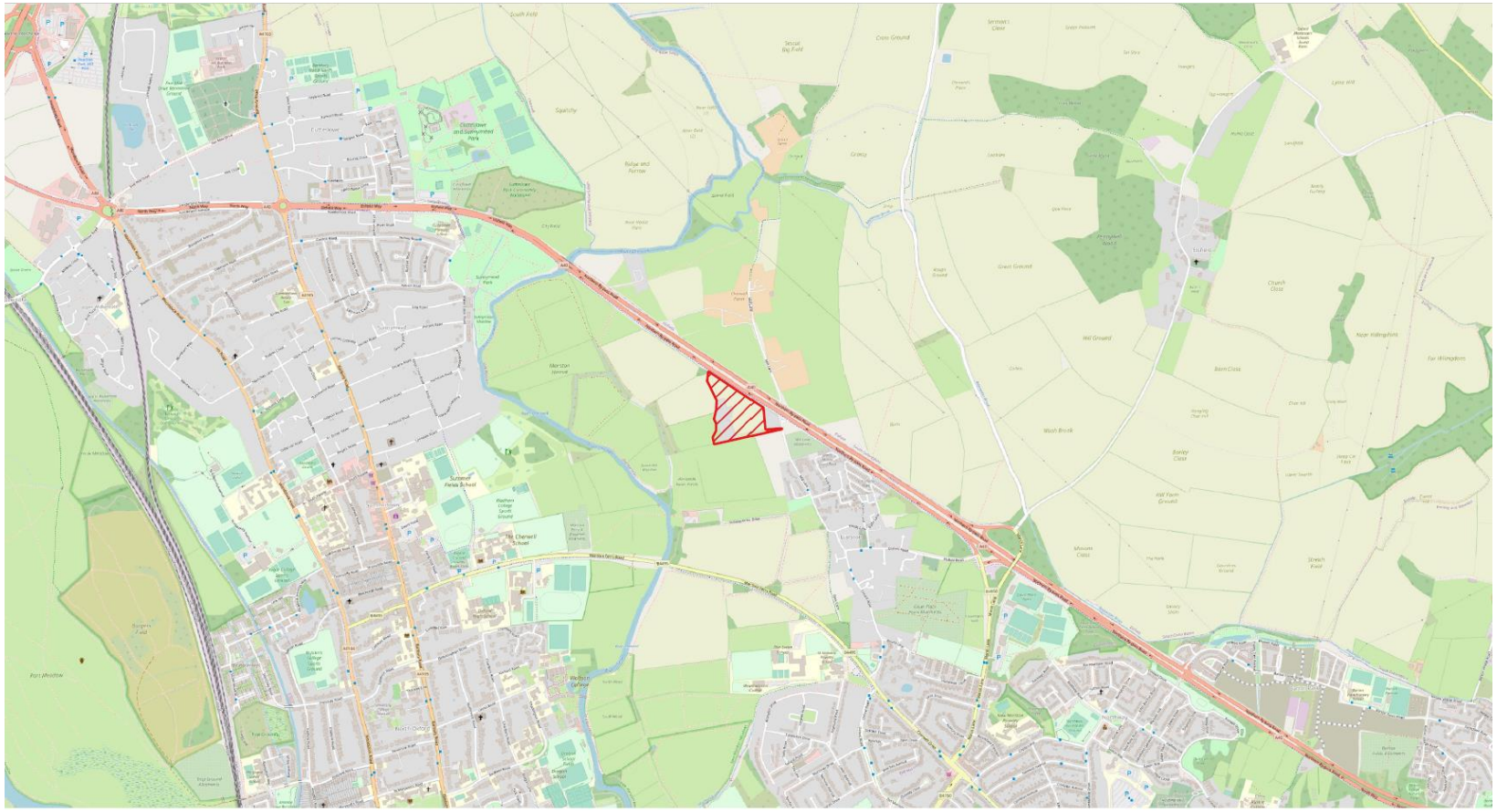
CCW has also considered the impact on an incumbent's existing customers when a NAV site is approved. It notes that in many cases there is a potential cost on the annual water and/or sewerage bills of these customers. While this cost is negligible on an individual site basis, CCW is unclear of the wider benefits of the NAV regime for incumbents' customers, particularly as the number of sites in each incumbent area increases and the cumulative cost rises.

Our response

One of our key policies in relation to new appointments and variations, is that customers should be no worse off if a new appointment and variation 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 the previous incumbent.

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 Independent Water Networks does not offer a social tariff, it should ensure customers will be no worse off.

2. Site Map



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND THAMES WATER UTILITIES LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...

25 August 2022

ADDRESS : HILL VIEW FARM, MILL LANE, MARSTON, OXFORDSHIRE, OX3 0QB
OS GRID REFERENCE: 452227, 209383

SCALE: 1:20000
DRAWN BY: CS
DATE: 18/05/2022

0 500 1000 m

HILL VIEW FARM
WATER UNDERTAKERS
INSET MAP 2

3. Variation Notice

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9

Variation of the Appointments of Independent Water Networks Limited and Thames Water Utilities Limited as Water Undertakers

Made on 25 August 2022

Coming into effect on 26 August 2022

1. Independent Water Networks Limited ("Independent Water Networks") and Thames Water Utilities Limited ("Thames Water") hold Appointments as water undertakers for their respective areas ("the Appointments").[1] The areas to which the Appointments of Independent Water Networks and Thames Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.

2. The site called Hill View Farm, Marston in Oxfordshire, which is shown edged in red on the plan attached to this variation, ("the Site") is within Thames Water's Water Supply Area. The Site is being developed by Persimmon Homes 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 undertaker to include the Site and for a consequential variation of Thames 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[2] 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.

5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Persimmon Homes Limited, the Water Services Regulation Authority **varies**–

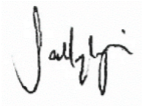
   (a) the Appointment of Independent Water Networks as a water undertaker so that the Site is included in Independent Water Networks' Water Supply Area; and

[1] Thames Water's original Appointment as a water undertaker was 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 was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

[2] 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.

(b) the Appointment of Thames Water as a water undertaker so that the Site is excluded from Thames Water's Water Supply Area.

Signed for and on behalf of the Water Services Regulation Authority



Sally Irgin
Director of Enforcement