

August 2022

Variation of Independent Water Networks Limited's appointment to include East of Stevenage, Gresley Way

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On 15 June 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 Affinity Water Limited's ("Affinity Water") water supply area and Thames Water Utilities Limited's ("Thames Water") sewerage services area called East of Stevenage, Gresley Way, Stevenage ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 13 July 2022. During the consultation period, we received representations from two 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 Network's 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 8 August 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 two organisations: the Consumer Council for Water (“**CCW**”), and the Environment Agency. We considered these responses before making the decision to vary 's appointment.

The Environment Agency

The Environment Agency asked Independent Water Networks to note a potential risk linked to the current capacity of the sewage system in East Stevenage. The Environment Agency were supportive of the application in principle, however recommended further approval from Independent Water Networks.

It highlighted, both water scarcity and capacity issues in the local area and asked Independent Water Networks to ensure it accounted for these in supplying this Site.

The Environment Agency confirmed to us they had no remaining questions

This information was passed to the Independent Water Networks and the comments were noted by Independent Water Networks, Affinity Water and Thames Water.

CCW

As part of the application process Ofwat has engaged with CCW. CCW's position is that new appointments and variations (NAV's) 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 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 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.

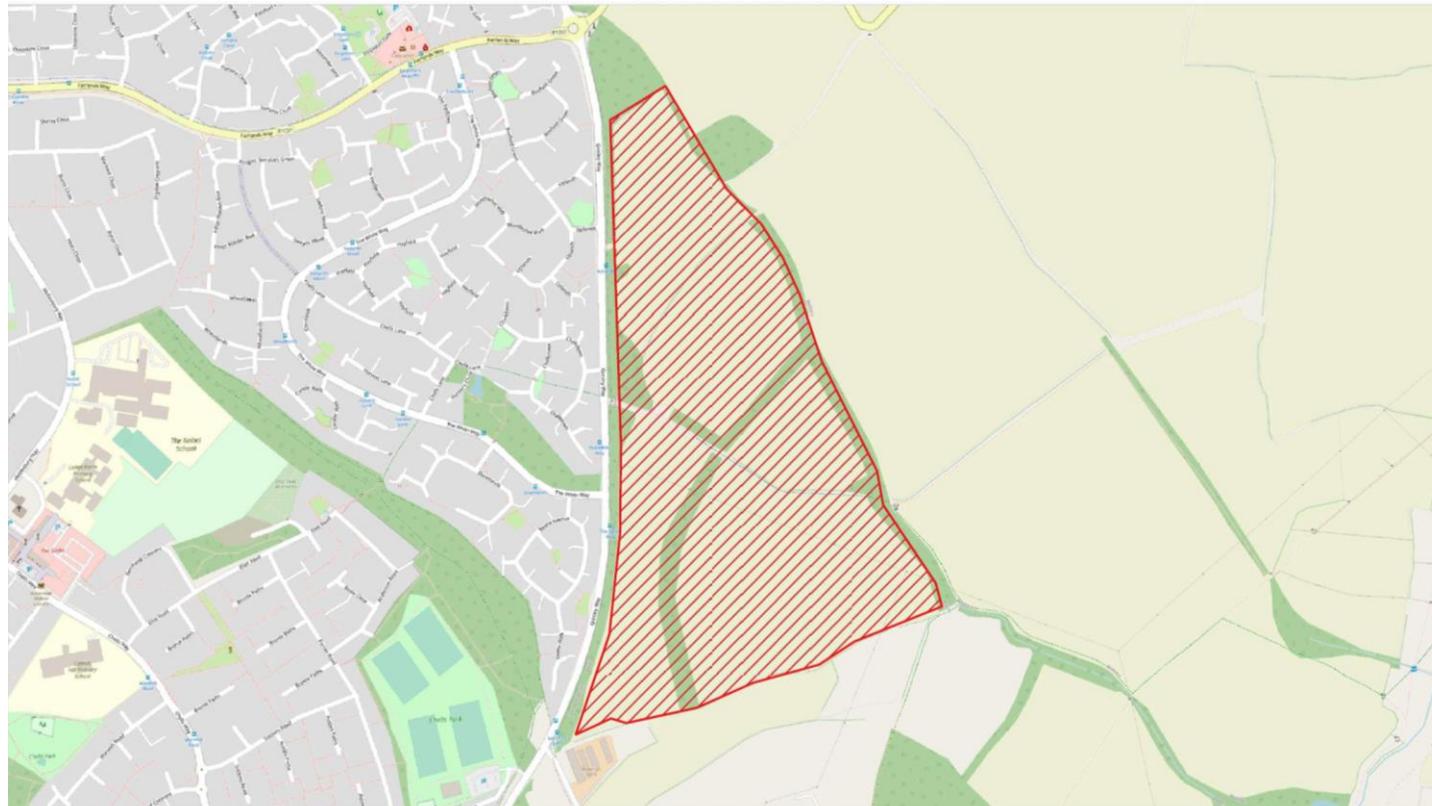
Our response

One of our key policies 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

Sewerage Boundary



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

Laura Clayfer 8 August 2022

ADDRESS : EAST OF STEVENAGE, GRESLEY WAY, STEVENAGE, HERTFORDSHIRE, SG2 7DW
OS GRID REFERENCE: 526906, 225476

SCALE: 1:8000
DRAWN BY: CS
DATE: 10/03/2022

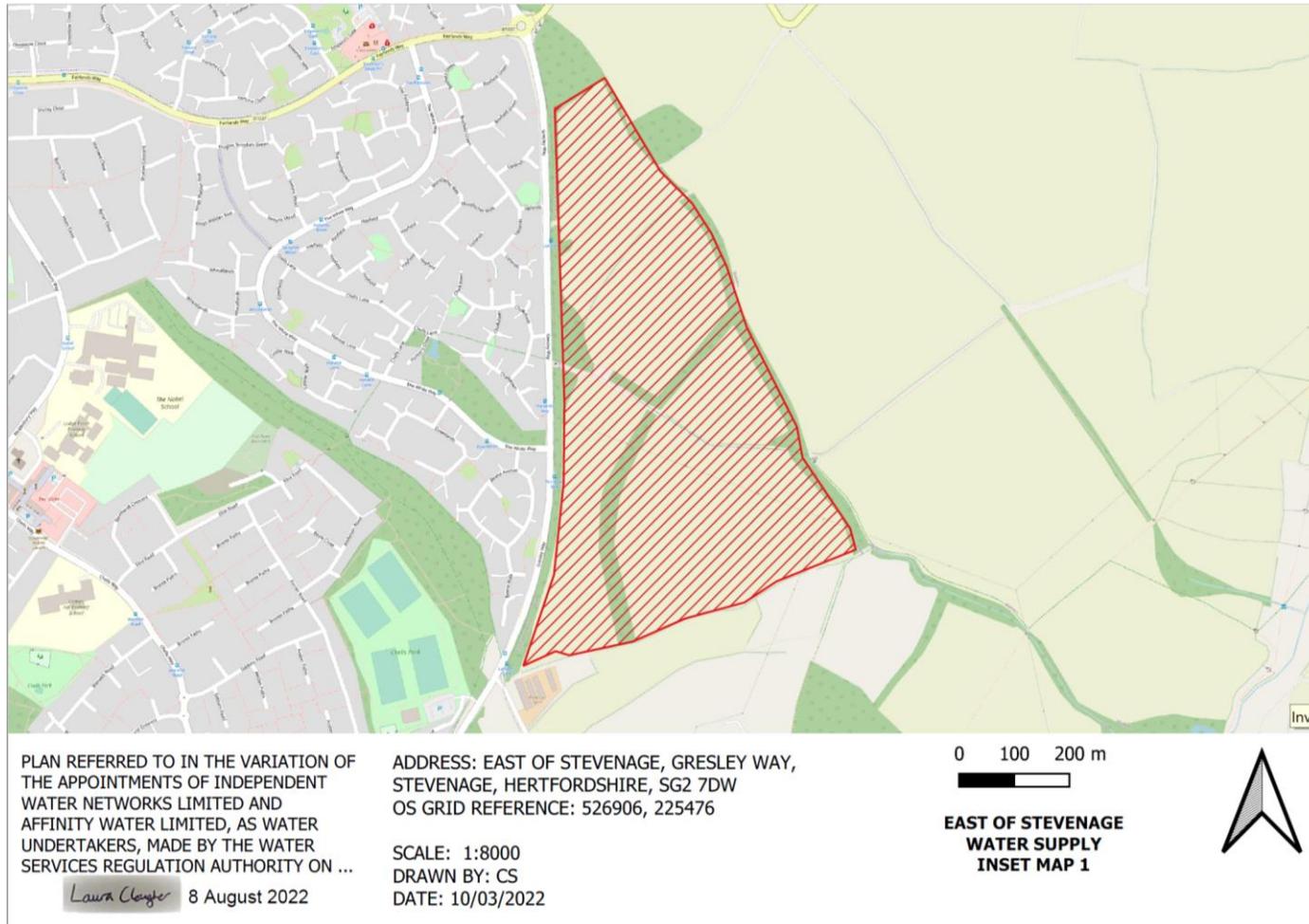
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**EAST OF STEVENAGE
SEWERAGE UNDERTAKERS
INSET MAP 1**



Water Boundary



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 Affinity Water Limited and Thames Water Utilities Limited as Water and Sewerage Undertakers

Made on 5 August 2022

Coming into effect on 8 August 2022

1. Independent Water Networks Limited ("Independent Water Networks"), Affinity Water Limited ("Affinity Water") and Thames Water Utilities Limited ("Thames Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks, Affinity Water and Thames 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 East of Stevenage, Gresley Way, Stevenage, which is shown edged in red on the plan attached to this variation, ("the Site") is within Affinity Water's Water Supply Area and Thames Water's Sewerage Services Area. The Site is being developed by Redrow 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 and sewerage undertaker to include the Site and for a consequential variation of Affinity Water and Thames Water's Appointment 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 Services² to make variations such as those contained in paragraph 5 below. After public consultation, as required by section 8 of the Act, the

¹ Affinity Water and Thames Water's original Appointments as water and sewerage undertakers 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 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.

Water Services Regulation Authority has decided that it should grant Independent Water Networks' application.

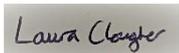
5. Therefore, as provided by sections 7(2) and 7(4) b of the Act, and with the agreement of Redrow Homes Limited. the Water Services Regulation Authority **varies**–

(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; and

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

(c) the Appointment of Thames Water as a sewerage undertaker so that the Site is excluded from Thames Water's Sewerage Services Area.

Signed for and on behalf of the Water Services Regulation Authority



Laura Clougher
Principal, Casework and Enforcement

**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

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