

## Variation of Independent Water Networks Limited's appointment to include Graven Hill, Bicester

On 1 February 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's (“**Independent Water Networks**”) appointment to become the water provider for a development in Thames Water Utilities Limited's (“**Thames Water**”) water supply area called Graven Hill, Bicester (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 1 March 2022. During the consultation period, we received representations from four 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 services. This appointment became effective on 7 October 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 responses to our consultation from four organisations: the Consumer Council for Water (“**CCW**”), Drinking Water Inspectorate (“**DWI**”), Cherwell District Council and the Environment Agency. We considered these responses before making the decision to vary Independent Water Networks' appointment.

The DWI and Cherwell District Council had no comments to make in relation to the variation being granted to Independent Water Networks.

### The Environment Agency

The Environment Agency response stated that it had no objection to the proposal, but asked that it be noted that the area is water stressed and therefore should be limited to usage at 110 litres per person per day (“**l/p/d**”). It noted that this is more reliant on the Site's developer building in efficient measures that it is on Independent Water Networks' calculations. It assumes that Independent Water Networks' proposal is forecasting the average usage of 125l/p/d in order to ensure sufficient water supply to its customers, and as such it has no objection to the use of this figure in preliminary calculations.

These comments were passed to Independent Water Networks who confirmed it will consider this going forward.

### CCW

In its consultation response CCW stated that in general it expects new appointees to provide customers with prices, levels of service and service guarantees that match, or ideally better, those of the incumbent company. This is particularly the case for developments that include domestic housing as household customers do not currently have the facility to choose or switch supplier like business customers.

CCW noted its disappointment that there will be no direct financial benefit to customers on the Site from having Independent Water Networks as their provider of water given it plans to match the charges of Thames Water<sup>1</sup>. However, it noted that it does offer discounts for customers who opt into e-billing and paying by direct debit.

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<sup>1</sup> To note, since our public consultation and CCW's response Independent Water Networks provides a 2.5% discount against the incumbents' charges in 2022-23. It will review this discount annually.

CCW noted that Independent Water Networks is offering guaranteed and voluntary standards of service that generally match or exceed the standards offered by Thames Water. For this reason, CCW supports the application. For example, Independent Water Networks offers greater compensation for low water pressure, or failing to read a meter once a year and offers a free leak repair service on customers' external supply pipes.

However, CCW noted that Independent Water Networks does not currently offer its financially vulnerable customers a social tariff in the way that Thames Water can, although it will offer the standard WaterSure tariff for qualifying customers who find themselves in financial difficulty until it can provide a formal Social Tariff. CCW stated that, given its relatively small size and customer base, it may be appropriate for Independent Water Networks to tailor some of the services that it provides, until it can provide a formal social tariff. However, CCW expects Independent Water Networks to offer appropriate flexible support to any individual in financial difficulty who would otherwise benefit from a social tariff. This should not be at the expense of Independent Water Networks' other customers. CCW noted that by matching the incumbent's charges, Independent Water Networks already benefits from the cross-subsidy the incumbent's customers pay to support its social tariff.

CCW noted our conclusion that Thames Water's existing customers would see a £0.02 increase in their annual water bills as a result of the variation. CCW appreciates this is negligible, but questioned whether there will be any significant benefits arising from this arrangement for Thames Water's customers. CCW questioned the value of the NAV regime if it cannot deliver benefits for all customers.

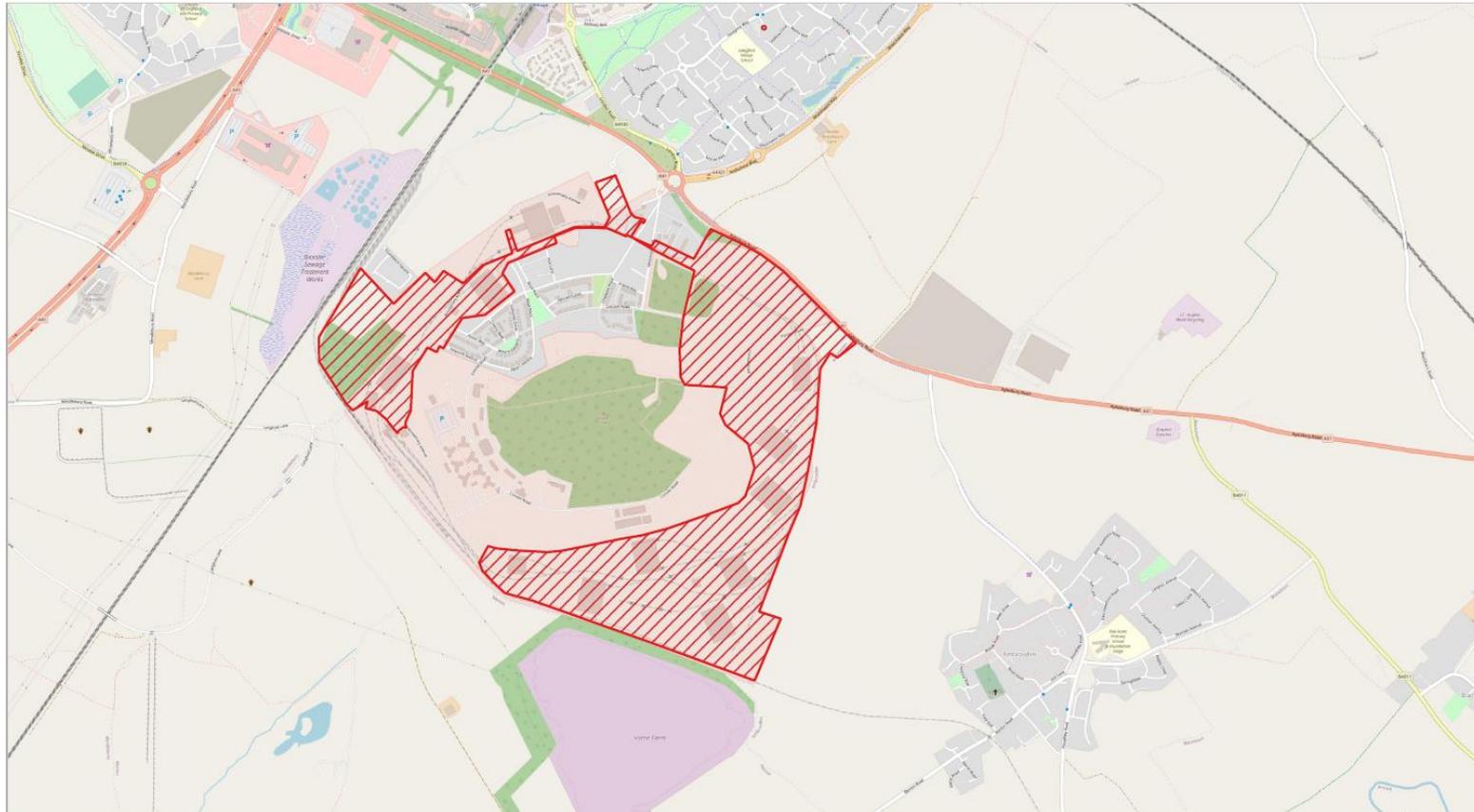
CCW noted Ofwat's overall assessment is that customers will be no worse off in terms of the levels of service they receive if served by Independent Water Networks rather than Thames Water, and it agrees with this assessment.

## **Our response**

One of our key policies with 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 Map

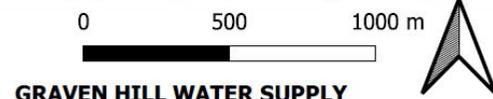


PLAN REFERRED TO IN THE VARIATIONS OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND THAMES WATER UTILITIES LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON.....

ADDRESS: GRAVEN HILL, GRAVEN HILL ROAD,  
BICESTER, OXFORDSHIRE, OX25 2AQ  
OS GRID REFERENCE: 459007, 220487

06/10/2022

SCALE: 1:29000  
DRAWN BY: EA  
DATE: 15/12/2020



**GRAVEN HILL WATER SUPPLY**

**INSET MAP 3**



### 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 6 October 2022

Coming into effect on 7 October 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").<sup>1</sup> 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 Graven Hill, Bicester, 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 Graven Hill Village Development Company 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 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 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.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Graven Hill Village Development Company 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

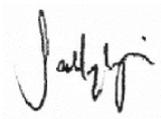
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<sup>1</sup> Thames Water's original Appointments as water and sewerage undertakers were made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act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

(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

A handwritten signature in black ink, appearing to read 'Sally Irgin', is positioned above the printed name and title.

Sally Irgin  
Director of Enforcement