

Variation of Independent Water Networks Limited's appointment to include Montague Road, Warwickshire

On 24 November 2021, 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 Severn Trent Water Limited's (“**Severn Trent Water**”) water supply area called Montague Road, Warwickshire (“**the Site**”). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 22 December 2021. 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 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 31 January 2023.

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 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 's appointment.

The DWI and the Environment Agency confirmed that they had no comments on the application. The points raised in CCW's response are set out below.

CCW

CCW stated that in general it expects new appointments and variation appointees to match or ideally better the incumbent's prices, service levels and service guarantees. This is particularly the case for developments that include domestic housing, as household customers are not able to choose or switch their supplier like business customers can.

CCW noted that is it disappointed that there will be no direct financial benefits to customers being served by Independent Water Networks instead of Severn Trent Water, since Independent Water Networks will charge customers on the Site on the same basis as Severn Trent Water. However, CCW recognises that Independent Water Networks offers discounts to customers who are able to and opt to take up e-billing or direct debit payments.

CCW recognises that Independent Water Networks generally matches or exceeds Severn Trent Water's service standards, and so overall CCW supports this application. For example, Independent Water Networks offers higher compensation for low water pressure or for failing to read a meter once a year and it also offers a free leak repair service on customers' external supply pipes.

CCW notes that due to the relatively small size of its customer base Independent Water Networks does not currently offer its financially vulnerable customers a social tariff in the way that Severn Trent Water does. However, CCW recognised that Independent Water Networks will offer the standard WaterSure tariff for qualifying customers. CCW considered that until it can provide a formal social tariff, it is appropriate that Independent Water Networks tailors some of its services. CCW expects Independent Water Networks to offer appropriate flexible support to any individual in financial difficulty who would otherwise benefit from a social tariff. It noted that this should not be at the expense of its other customers. CCW states that by matching Severn Trent Water's charges Independent Water Networks already benefits from the cross-subsidy Severn Trent Water's customers pay to support its social tariff.

CCW noted our calculation that there should be no impact on the annual water bills of existing Severn Trent Water customers as a result of the variation. CCW stated it considers

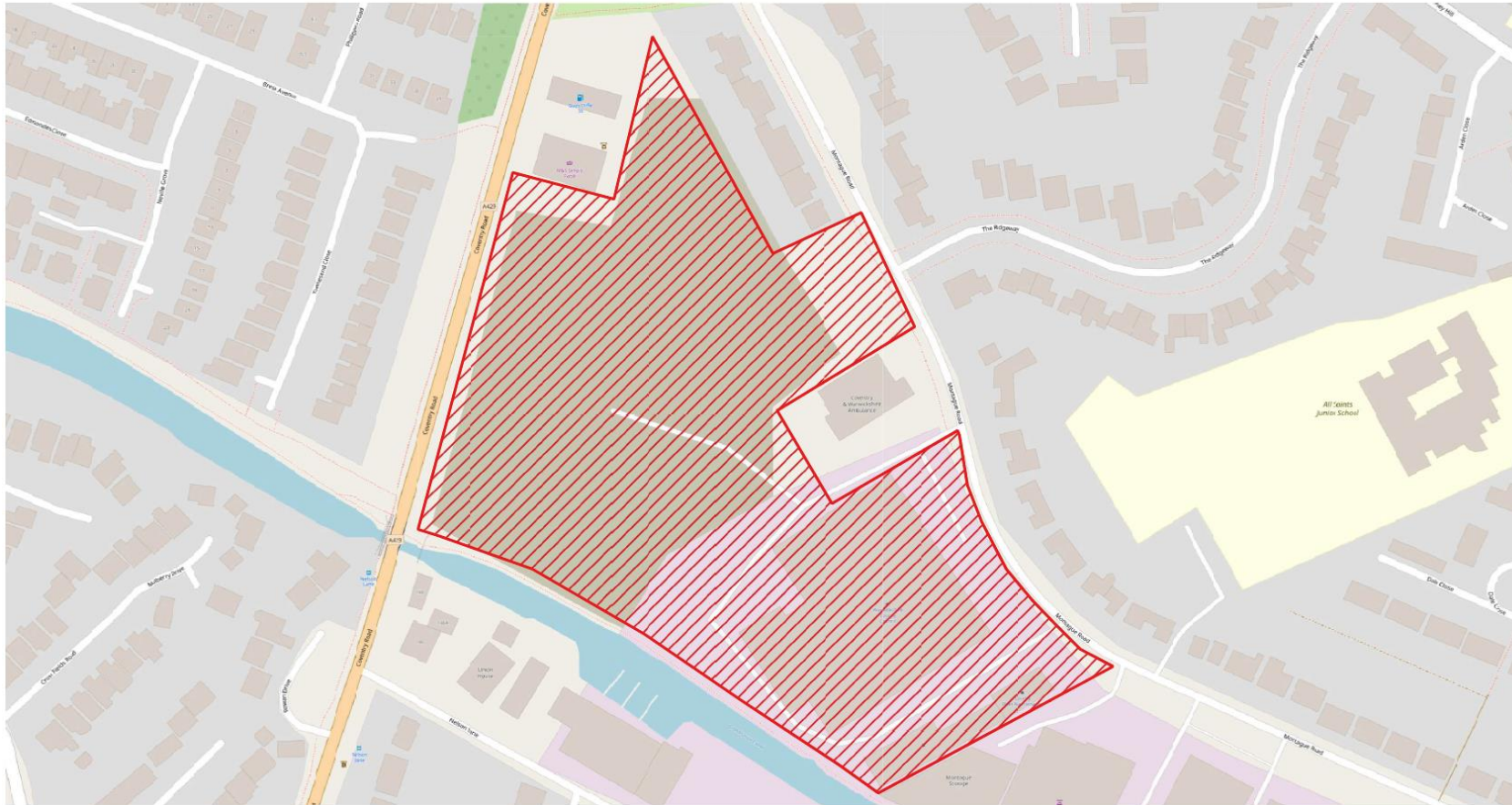
that it is unclear if there will be any significant benefits arising from this arrangement for existing Severn Trent Water customers. CCW questions the value of the NAV regime if it cannot deliver benefits to all customers.

Our response

One of our key policies with respect to new appointments and variations is that customers should be no worse off if a 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 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 VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SEVERN TRENT

WATER LTD, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...

30 January 2023

ADDRESS: MONTAGUE ROAD, WARWICKSHIRE, CV34 5LW
OS GRID REFERENCE: 429010, 266032

SCALE: 1:2000
DRAWN BY: MM
DATE: 14/06/2021

0 50 100 m



**MONTAGUE ROAD
WATER SUPPLY
INSET MAP 1**

PROJECT: N0022336 (73777)



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 Severn Trent
Water Limited as Water Undertakers

Made on 30 January 2023

Coming into effect on 31 January 2023

1. Independent Water Networks Limited ("Independent Water Networks") and Severn Trent Water Limited ("Severn Trent Water") hold Appointments as water undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks and Severn Trent Water as water undertakers relate ("Water Supply Area") are set out in their Instruments of Appointment.
2. The site called Montague Road in Warwick, Warwickshire, which is shown edged in red on the plan attached to this variation, ("the Site") is within Severn Trent Water's Water Supply Area. The Site is being developed by Crest Nicholson Plc.
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 Severn Trent 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 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 Crest Nicholson Plc, 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

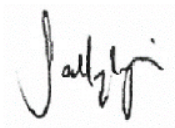
¹ Severn Trent Water's original Appointment as a water undertaker was made by the Secretary of State for the Environment under sections 11 and 14 of the Water Act 1989, now replaced by sections 6 and 11 of the Water Industry Act 1991. Independent Water Networks' original Appointment was made by the Water Services 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.

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Warwickshire

(b) the Appointment of Severn Trent Water as a water undertaker so that the Site
is excluded from Severn Trent 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 written over a light grey rectangular background.

**Sally Irgin
Director of Enforcement**