Variation of Independent Water Networks Limited's appointment to include Nobel Park (Parcels 2 and 4), Didcot, Oxfordshire

On 27 June 2022, Ofwat began a <u>consultation</u> 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 Nobel Park (Parcels 2 and 4), Didcot in Oxfordshire ("the Site"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 25 July 2022. During the consultation period, we received representations from two organisations, which are summarised in Section 1 of this document.

Following the end of the consultation period for this application, Independent Water Networks notified us on 3 January 2023 that the details of the boundary for the Site that it had provided with its application needed to be amended and that eight properties had been removed from the application. Independent Water Networks has confirmed that these eight properties will be connected by the incumbent water company, Thames Water. We have updated our financial assessment of the application to reflect this change and remain comfortable that Independent Water Networks will be able to finance its functions if the variation is granted. The change does not affect our estimate of the variation on the water bills of Thames Water's customers. We have notified relevant stakeholders, including statutory consultee and any respondents to our original consultation, of the changes to the Site's boundary and property numbers, and they had no further comments to make in response to our proposal. We also carried out a further financial assessment which did not change our proposal. The amended map can be viewed in Section 2 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 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 15 February 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 two organisations: South Oxfordshire District Council and the Environment Agency. We considered these responses before making the decision to vary Independent Water Networks' appointment.

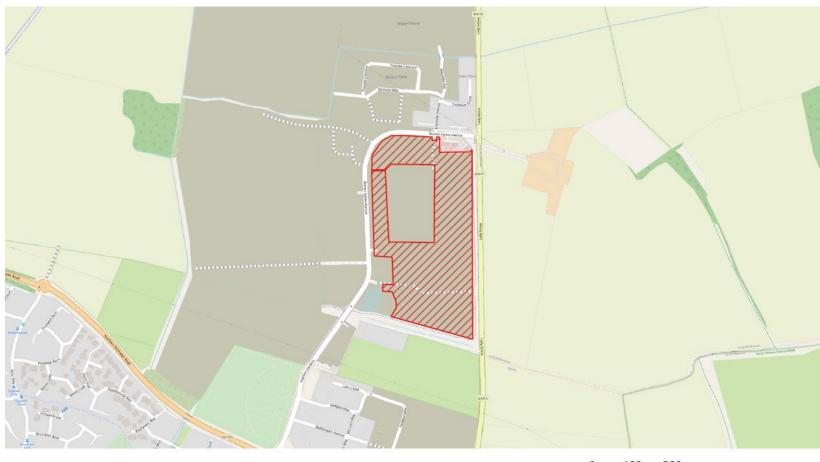
The Environment Agency and Central Bedfordshire Council both confirmed they had no comments to make with regard to this consultation and did not have any objections.

CCW

CCW no longer provides individual responses to consultations. 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 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.

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 ...

14 February 2023

ADDRESS: PARCELS 2 AND 4 NOBEL PARK, WILLINGTON DRIVE, DIDCOT, OXFORDSHIRE,

OX11 7UX

OS GRID REFERENCE: 453806, 191987

SCALE: 1:7000 DRAWN BY: CS DATE: 05/09/2022



PARCEL 2 AND 4 NOBEL PARK WATER UNDERTAKERS INSET 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, and Thames Water
Utilities Limited as Water Undertakers

Made on 14 February 2023

Coming into effect on 15 February 2023

- 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 Nobel Park (Parcels 2 and 4), Didcot 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 Cala Homes (Midlands).
- 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 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 Cala Homes (Midlands), 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 undertakers 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