

Variation of Independent Water Networks Limited's appointment to include Consort Place, Tower Hamlets

On 21 April 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 Thames Water Utilities Limited ("**Thames Water**") water supply area and sewerage services area called Consort Place, Tower Hamlets ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 20 May 2022. 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 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 and sewerage services. This appointment became effective on 20 April 2023.

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 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 Independent Water Networks' appointment. The Environment Agency and DWI responses confirmed that they had no comments to make on the proposed variation. Details of CCW's response are set out below.

CCW

In general, CCW expects that new appointments and variations (“NAV’s”) should bring benefits to customers on the proposed NAV site, such as matching or improving the pricing, levels of service or service guarantees. This is particularly true for developments that include domestic housing, as household customers cannot choose or switch supplier.

CCW is disappointed that there is no direct financial benefit to customers from having Independent Water Networks as their provider of water and sewerage services, as Independent Water Networks intends to match the charges of Thames Water. However, CCW acknowledges that Independent Water Networks currently offers a discount of 2.5% against incumbents' charges and offers discounts to those of its customers who are able and opt to take up e-billing or pay by direct debit. CCW also notes that Independent Water Networks generally matches or exceeds the service standards of Thames Water. CCW overall supports the application as customers will be no worse off in terms of the level of service they will receive or the price they will pay.

CCW notes that due to the relatively small size of its customer base, Independent Water Networks does not currently offer a social tariff to financially vulnerable customers in the way Thames Water does, but it will offer the standard WaterSure tariff for qualifying customers. CCW states that until Independent Water Networks can provide a formal social tariff, it is appropriate for it to tailor some of the services that it provides. CCW sets out its expectation that Independent Water Networks would offer appropriate, flexible support to any customer in financial difficulty who would otherwise have benefitted from a social tariff and that this should not be at the expense of its other customers. CCW notes that by matching Thames Water charges, Independent Water Networks already benefits from the cross-subsidy that Thames Water's customers pay to support its social tariffs.

CCW notes our conclusion that, as a result of the variation, Thames Water's existing customers would see an increase of £0.01 in their annual water and sewerage bills. However, it notes that it is unclear whether there will be any significant

benefits to the existing customers of Thames Water from the proposed arrangement, and questions the value of the NAV regime if it cannot deliver benefits to all customers.

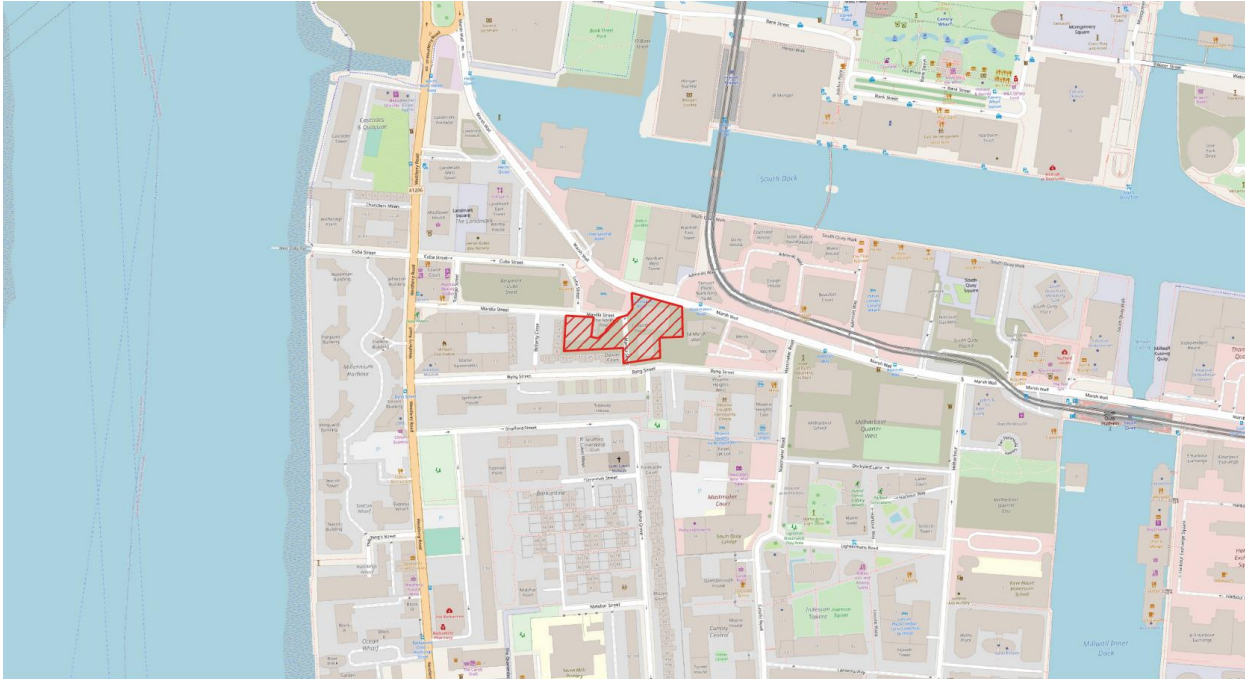
Our response

One of our key policies 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 Independent Water Networks 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

Water



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 ... 19/04/2023

ADDRESS: CONSORT PLACE, ALPHA SQUARE, TOWER HAMLETS, E14 9TP
OS GRID REFERENCE: 537315, 179863

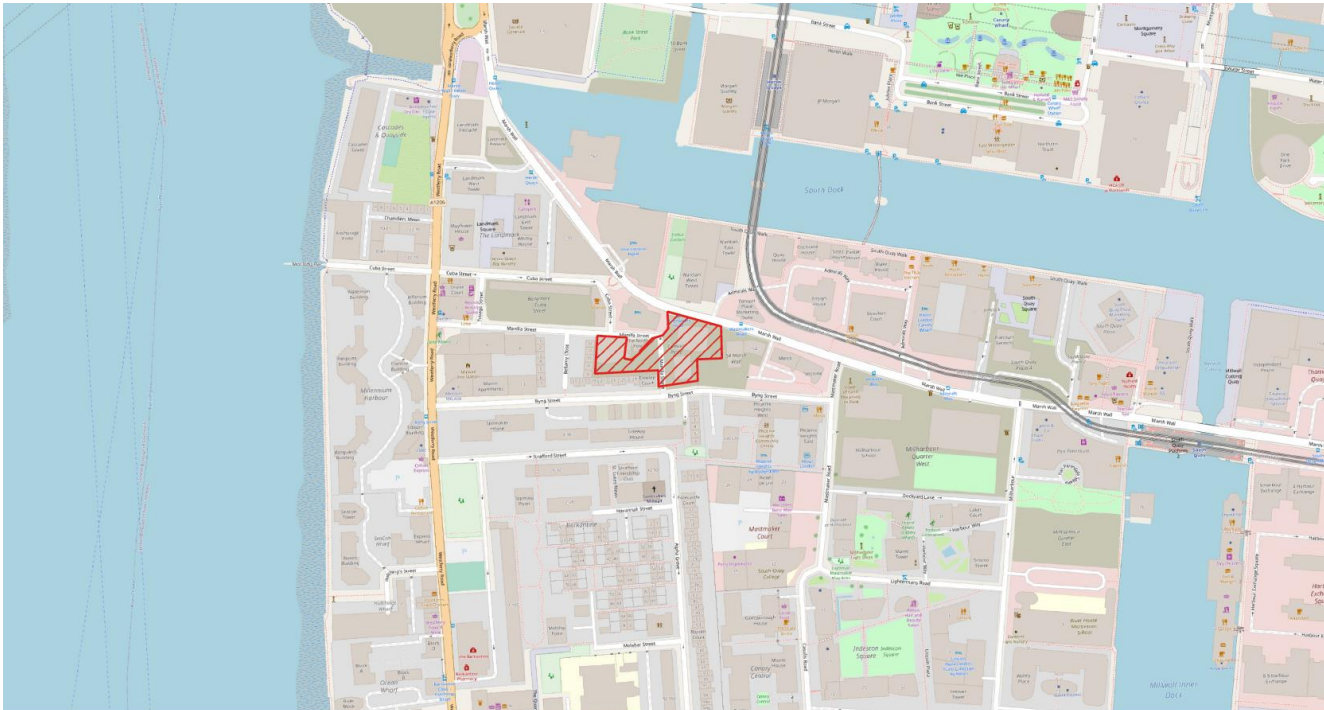
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**CONSORT PLACE
WATER SUPPLY
INSET MAP 2**



Sewerage



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 ...

19/04/2023

ADDRESS : CONSORT PLACE, ALPHA SQUARE, TOWER HAMLETS, E14 9TP
OS GRID REFERENCE: 537315, 179863

SCALE: 1:4000
DRAWN BY: CS
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**CONSORT PLACE
SEWERAGE UNDERTAKERS
INSET MAP 2**



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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 and Sewerage Undertakers

Made on 19 April 2023

Coming into effect on 20 April 2023

1. Independent Water Networks Limited ("Independent Water Networks") 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 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 Consort Place, Tower Hamlets, London, which is shown edged in red on the plan attached to this variation, ("the Site") is within Thames Water's Water Supply Area and Sewerage Services Area. The Site is being developed by Midgard 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 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 Midgard Limited, the Water Services Regulation Authority **varies**—

¹ 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.

- (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 Thames Water as a water and sewerage undertaker so that the Site is excluded from Thames Water's Water Supply Area and Sewerage Services Area

Signed for and on behalf of the Water Services Regulation Authority



**Sally Irgin
Director of Enforcement**