

Proposal to grant a variation of appointment to South West Water Limited and Wessex Water Services Limited – Norton Farm, Cribbs Causeway

	<b>Details</b>
<b>Applicant</b>	Water: South West Water Limited <sup>1</sup> (“ <b>South West Water</b> ”) Sewerage: Wessex Water Services Limited (“ <b>Wessex Water</b> ”)
<b>Site Details</b>	Norton Farm, Cribbs Causeway (“ <b>the Site</b> ”)
<b>Services</b>	Water and Sewerage
<b>Current water/sewerage appointee</b>	Independent Water Networks Limited (“ <b>Independent Water Networks</b> ”)
<b>Proposed supply arrangements</b>	Own resources
<b>Criterion</b>	Consent
<b>Household Customer</b>	12
<b>Business Customers</b>	0
<b>Developer</b>	Autograph Homes Limited (“ <b>Autograph</b> ”)
<b>Estimated Site completion date</b>	May 2023
<b>Summary of consultation</b>	A statutory consultation made under section 8(3) of the Water Industry Act 1991 (“ <b>WIA91</b> ”) to grant South West Water a variation to its appointment as a water company and Wessex Water a variation to its appointment as a sewerage company. To also vary the appointment of Independent Water Networks as a water and sewerage company. Consequently, South West Water will become the water company for the Site and Wessex Water will become the sewerage company for the Site.
<b>Deadline for submissions</b>	Representations or objections to this consultation should be sent by email to <a href="mailto:Licensing@ofwat.gov.uk">Licensing@ofwat.gov.uk</a> or in writing and sent to the NAV licensing team, Centre City Tower, 7 Hill Street, Birmingham, B5 4UA.  Reponses must be received by Ofwat no later than <b>17.00</b> hours on <b>2 June 2023</b> .
<p>Further information about how to make representations or objections, including information on the treatment of confidential information, can be obtained from Ofwat at the above address or at <a href="http://www.ofwat.gov.uk/foi/">http://www.ofwat.gov.uk/foi/</a>.</p> <p>Ofwat will only use the information you have provided for the purpose of this consultation. We will retain your information in accordance with Ofwat’s retention schedule and will not share with third parties unless we have a legal obligation to do so. For further information please see Ofwat’s Privacy Policy in our <a href="#">Publication Scheme</a>.</p>	

<sup>1</sup> With effect from 1 February 2023 we varied South West Water Limited's area for water services so that it covers the area previously served by Bristol Water plc (the Bristol area) and also terminated Bristol Water plc's licence because it no longer provides water services to any area.

# 1. Our assessment of this application

## Our approach

The new appointment and variation mechanism set out in primary legislation<sup>2</sup>, provides an opportunity for entry and expansion into the water and sewerage sectors by allowing one company to replace the existing appointee as the provider of water and / or sewerage services for a specific area. This mechanism can be used by new companies to enter the market and by existing appointees to expand their businesses.

You can find further details of our approach to assessing applications for New Appointments and Variations ("NAVs") [here](#).

## Background to the Site

On 12 May 2021 [we varied the appointment of Independent Water Networks](#) to allow it to supply water and sewerage services to a new development of 1,000 household properties and 11 business properties at Cribbs Causeway. The Cribbs Causeway variation was in South West Water's (Bristol Water plc at the time of the variation) water supply area and Wessex Water's sewerage services area.

On 14 March 2023, a developer, Autograph Homes, notified us that part of its development of 30 household properties had been incorrectly included within the boundary of the Cribbs Causeway variation without its consent and without it being notified. The 12 properties at the western end of its development had been included in boundary map provided by Independent Water Networks' for the variation, while the rest of the development's area remained in the appointment areas of South West Water and Wessex Water.

Our guidance and supporting [information notice](#) for NAV applicants states that we require "a letter of support endorsing the application from the owner of the site, which is typically the developer(s)". When it applied for the Cribbs Causeway variation, Independent Water Networks provided a letter of support from the site's developers, Taylor Wimpey Limited and Bellway Homes Limited. In a letter dated 27 March 2023, Independent Water Networks confirmed that it was aware that there was a separate landowner for an area called Norton Farm, at the southern end of the site covered by the Cribbs Causeway variation, but it had accepted assurances from its developers that the landowner had agreed to the boundary variation. Independent Water Networks had not contacted the landowner directly and did not provide a letter of support from this landowner or notify us that there was an additional

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<sup>2</sup> The legal framework for new appointments is set out in the WIA91. Section 7 of the WIA91 sets out the criteria by which an appointment or variation may be made. Section 8 sets out the procedure for making that appointment or variation.

landowner on the Cribbs Causeway site. We require applicants to provide evidence of support from all affected landowners.

This proposed variation of the boundaries of South West Water and Wessex Water, and the consequential variation of the boundary of Independent Water Networks, will correct the error in the application previously made by Independent Water Networks. The portion of Autograph Home's development that currently lies within the boundary of Independent Water Networks' appointment area will return to the appointment areas of the original incumbent companies.

## Consent status of the Site

To qualify under the consent criterion, an applicant must provide a letter of consent from the existing appointee consenting to the application and consenting to the variation of its area of appointment corresponding to the applicant's application.

The applicants for this variation (South West Water and Wessex Water) have provided a letter from Independent Water Networks, dated 28 March 2023, stating that it is supportive of and endorses the applications for variations of the appointments of South West Water and Wessex Water to provide the water and sewerage services for the Norton Farm area, thereby enabling them to serve the whole of the development of Autograph Homes Limited at Cribbs Causeway.

We are therefore satisfied that the application meets the consent criterion.

## Business retail market

On 1 April 2017, the business retail market was opened to competition. South West Water and Wessex Water chose to exit the non-household retail market. Under the [Water and Sewerage Undertakers \(Exit from Non household Retail Market\) Regulations 2016](#) ("the Retail Exit Regulations"), once a water or sewerage company exits the business retail market, its area of appointment becomes a 'retail exit area'. In a retail exit area, business customers must be supplied by a company holding a retail licence (a retailer), and water and sewerage companies are prohibited from providing retail services directly to those customers.

## Price

New customers on the Site will be charged the current tariffs of the original incumbents, South West Water and Wessex Water, as if the previous variation at Cribbs Causeway had not taken place for this section of the development.

## Levels of service

Every appointee is required under its licence conditions to publish and make available the Core Customer Information for its household customers. We have assessed South West Water's and Wessex Water's Customer Code of Practice, and our view is that they are of an appropriate standard. Our view is that customers on the Site would be no worse off since they will receive the same customer service that South West Water and Wessex Water offer to their existing customers.

## Stakeholder engagement

We take the view of the Environment Agency<sup>3</sup>, the Drinking Water Inspectorate ("**DWI**"), and the Consumer Council for Water ("**CCW**") into account before progressing to formal consultation on an application. We have notified them of this error in the Cribbs Causeway variation and the requirement for a subsequent variation to remedy the situation.

They made no comments on this application prior to consultation.

## Impact on existing customers

The Site is a portion of a new development consisting of 12 households. It is reverting to the original incumbents so there is no impact on the bills of the incumbent's existing customers as a result of this variation.

## Ability to finance and properly carry out its functions

We have a statutory duty to ensure that efficient appointees can finance the proper carrying out of their functions.

We have not performed any site-based analysis for this application. We have considered the strong financial position of South West Water and Wessex Water as a whole, the financial resources available to them, and the small percentage of their total business that this variation would represent. Also the proximity of the Site to their existing boundaries and it being close to existing infrastructure, means that there are potential economies of scale as the incremental cost of servicing the additional customers is likely to be low.

After considering all the factors, we have concluded that the Site is low risk. It is unlikely that the expected costs would exceed the expected revenues and customers will be protected by

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<sup>3</sup> The Environment Agency as well as the Drinking Water Inspectorate will also be formally consulted on the proposals, as they are on the list of organisations which must be formally consulted as set out in section 8(4)(b) of WIA91.

Proposal to grant a variation of appointment to South West Water Limited and Wessex Water Services Limited – Norton Farm, Cribbs Causeway

the strong financial position of South West Water's and Wessex Water's businesses as a whole. We have concluded that the Site is highly likely to demonstrate sufficient viability.

South West Water and Wessex Water have access to many sources of finance and the Site would represent only a very small proportion of their total regulated activity.

On this basis, we are currently satisfied that, as large established appointed undertakers, South West Water and Wessex Water demonstrate sufficient financial viability and would be able to finance their functions if the variation is granted.

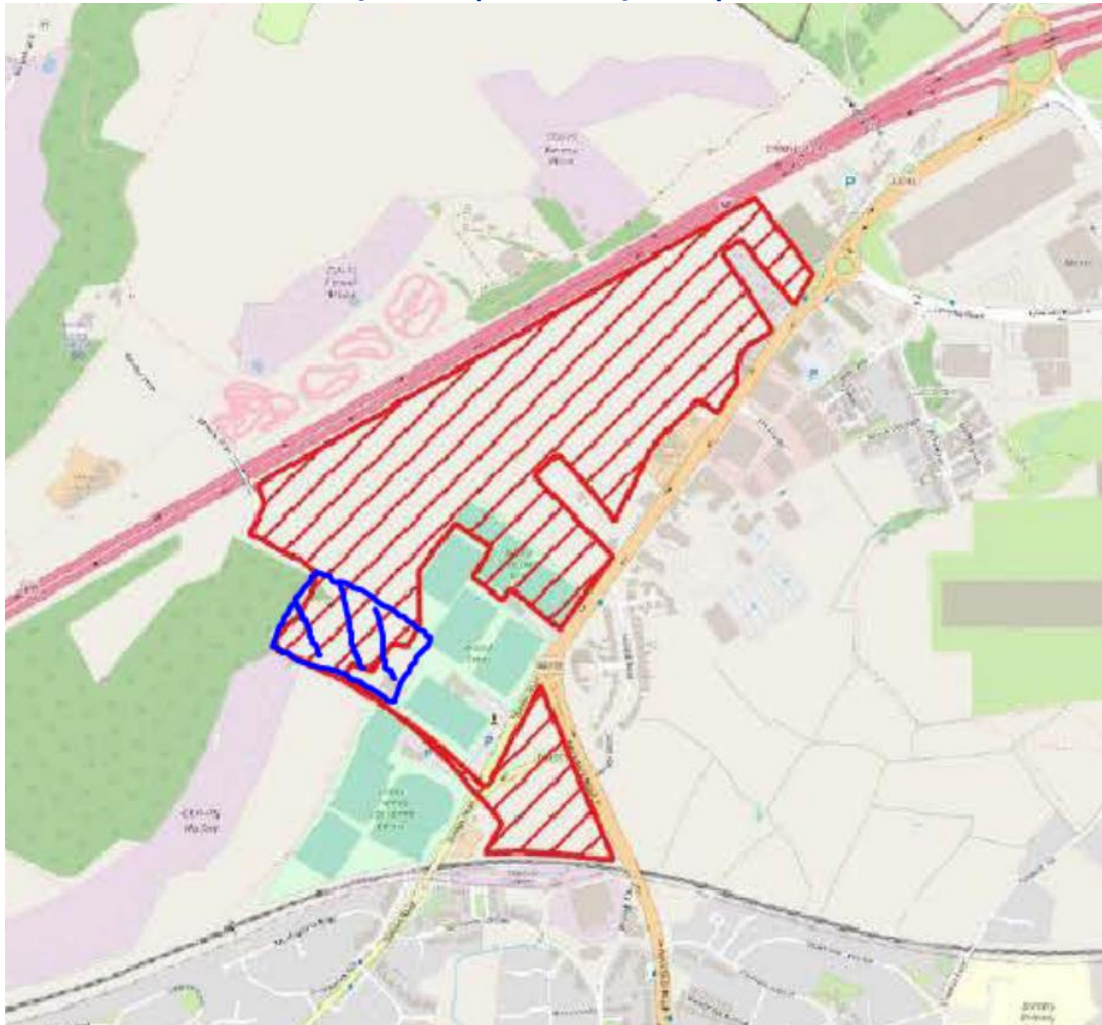
## 2. Conclusion and next steps

In assessing South West Water's and Wessex Water's application, we have considered the general benefits of new appointments and variations and the preferences of Autograph Homes, South West Water and Wessex Water. Our view is that our two key policy principles would be met in this case, as customers on the Site would be no worse off, and South West Water and Wessex Water would be able to finance, and carry out, their functions.

We are currently minded to grant the variation under the consent criterion. Subject to considering any representations submitted during the consultation period in response to this consultation notice, Ofwat will decide whether or not to grant the variation of appointment set out above.

### 3. Map of existing variation

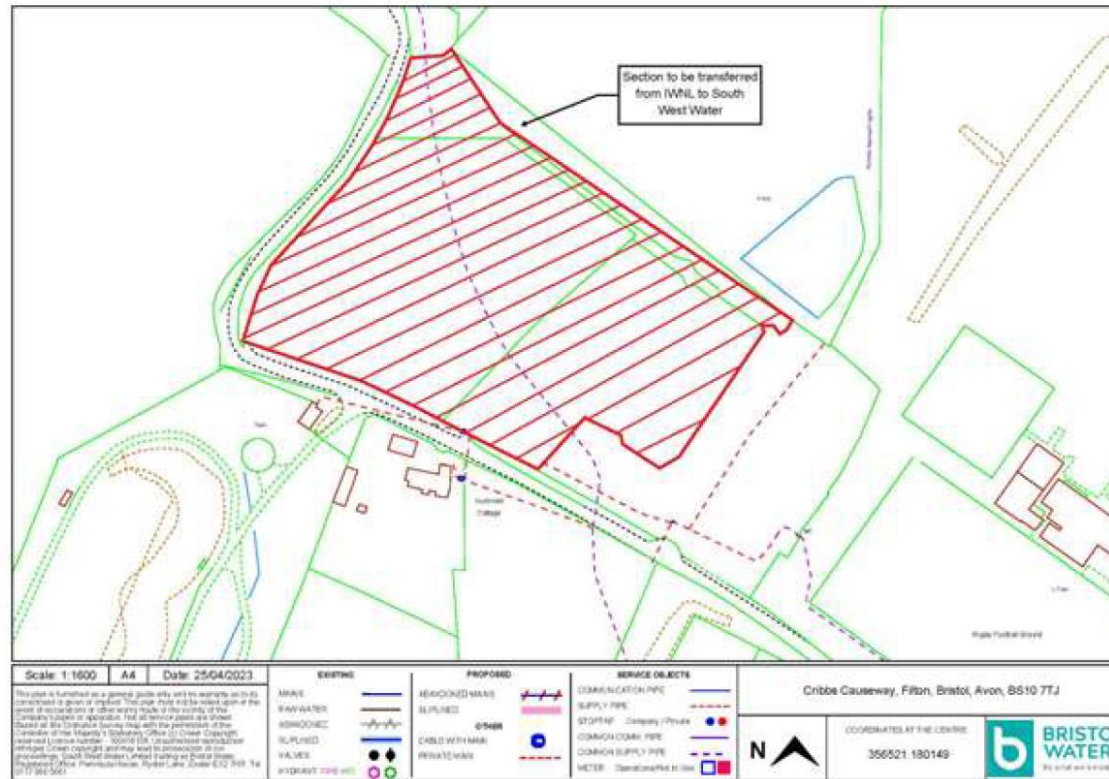
Full Cribbs Causeway site, operated by Independent Water Networks, with approximate location of the Site in blue



## 4. Site maps

### Water

#### CRIBBS CAUSEWAY, FILTON, BRISTOL, AVON BS10 7TJ

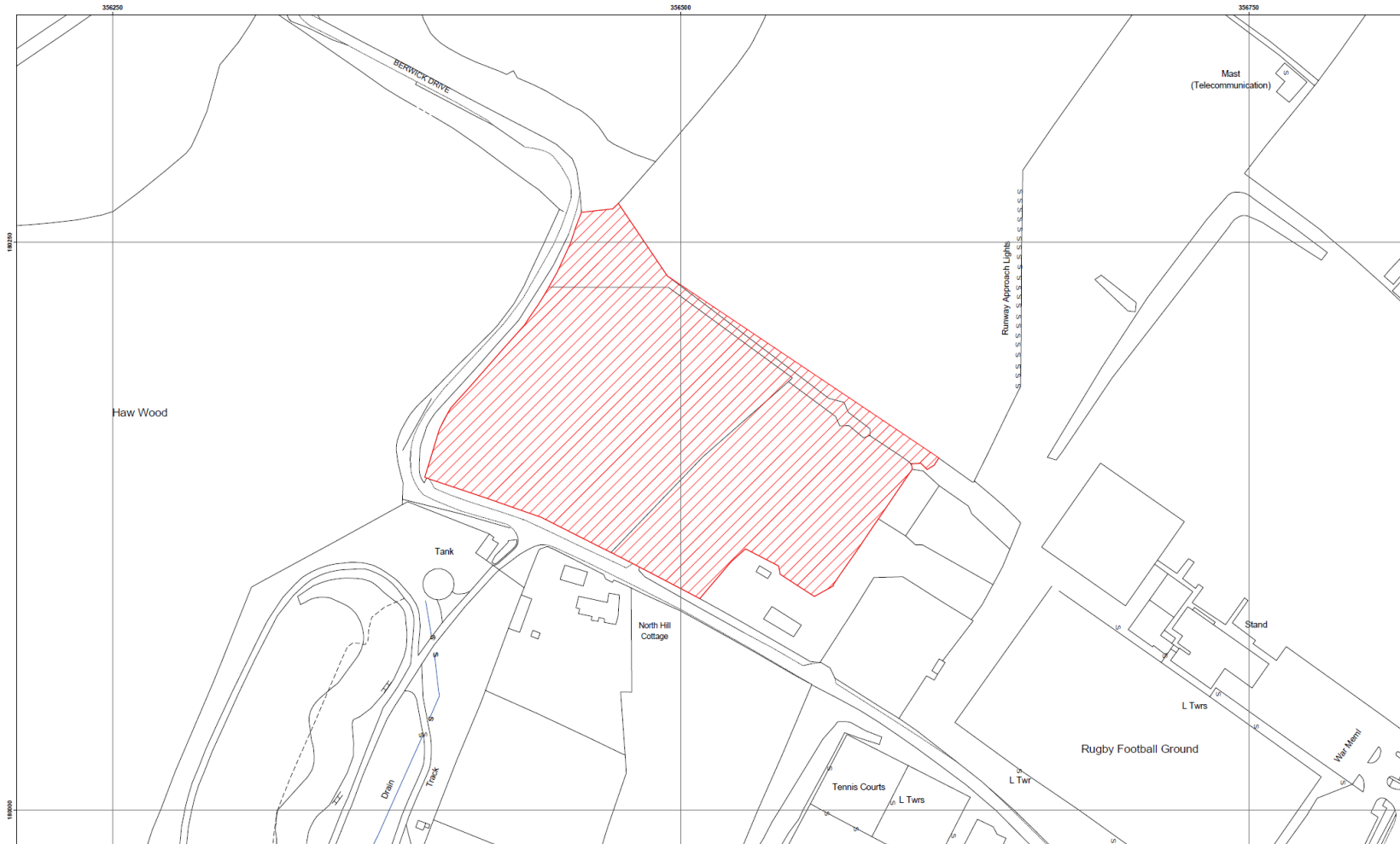


PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF SOUTH WEST WATER LIMITED AND INDEPENDENT WATER NETWORKS LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON.....

Norton Farm, Cribbs Causeway – DFW-041858 – Independent Water Networks Limited CMS 0064214



## Sewerage



Location: Norton Farm, Cribbs Causeway  
Drawing Number: 1 of 1  
Scale: 1:750 (A1)  
Centre co-ordinates: 356,514, 180,167  
Date Printed: 24/04/2023

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

 Application Outline

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