



The voice for water consumers  
Llais defnyddwyr dŵr

# **CCW's response to Water Services Regulation Authority (Ofwat):**

## **Consultation on changes to New Appointments and Variations policy and assessment guidance**

**June 2023**

## Introduction

1. CCW is the independent voice for water consumers in England and Wales. Since 2005, we have helped thousands of consumers resolve complaints against their water company, while providing free advice and support. All our work is informed by extensive research, which we use to champion the interests of consumers and influence water companies, governments and regulators.
2. We welcome the opportunity to comment on this consultation on the proposed changes to Ofwat's new appointments and variations (NAVs) policy and assessment guidelines.
3. In general, CCW considers that the NAV regime should bring benefits to all customers. When considering NAV applications, CCW expects new appointees to provide consumers with prices, levels of service or service guarantees that match or, ideally, better those of the incumbent water company or companies that would otherwise serve the site, and that there should be no cost to an incumbent's wider customer base as a result of the granting of any variation.

## Comments on the Consultation Questions

**Question 1** - What are your views on the proposed update to our Policy Statement and Application Guidance that would apply to applications for sites in Wales?

4. We agree that the Welsh Government SPS places a greater duty on Ofwat when it assesses NAV applications for sites wholly or mainly in Wales than its current policy and assessment guidelines account for. To date Ofwat has worked on the principle of 'no worse off' in relation to all NAV applications in England and Wales. The Welsh SPS now requires such applications to demonstrate a positive benefit to customers and/or to the environment for sites wholly or mainly in Wales. We welcome this change.
5. Given that Ofwat's Policy Statement and Application Guidance is intended to cover all sites in England and Wales, we consider the proposed changes in its guidance are appropriate to distinguish the additional requirements arising from the Welsh SPS.
6. We consider that Ofwat's Policy Statement section 2 'The wider context' will need updating to reflect the new Welsh SPS and the additional requirements it contains.

**Question 2** - What are your views on how, with respect to this policy proposal, we can best achieve our aim that regulatory burdens are kept to a minimum while ensuring companies deliver the best outcomes for customers?

7. Ofwat has set out its expectations on how applicants for sites affected by the new Welsh SPS should provide the appropriate evidence of benefit. While conceding that the proposed changes necessarily adds to the regulatory burden for applicants, we consider the proposal set out best achieves Ofwat's aim of keeping the regulatory burden to a minimum under the circumstances.

**Question 3** - What are your views on introducing a similar requirement for sites in England at some point in the future?

8. CCW would support the introduction of a similar requirement for sites in England. We consider the NAV regime should bring benefits to all customers. A requirement to evidence the benefit of individual NAV sites as part of the application process will help bring greater clarity to this aspect of the NAV regime and increase the perception of its legitimacy for people.

9. We note this consultation covers only the major changes Ofwat proposes to make to its Policy Statement and Application Guidance, and that it will be making other unspecified minor updates to their contents to bring them up to date.

## **Enquiries**

Please address any enquiries about this response to:

Michael Barnes

Policy Manager

CCW

Email: [REDACTED]@[ccwater.org.uk](mailto:[REDACTED]@ccwater.org.uk)

Telephone: [REDACTED]

Date: August 2022