



Driscoll 2
Ellen Street
Cardiff, CF10 4BP
Telephone: 02920 028 711
Website: iwnl.co.uk

Proposed modifications to Condition B: consultation response
Ofwat
Centre City Tower
7 Hill Street
Birmingham, B5 4UA

Email: PR24@ofwat.gov.uk

13th October 2023

Dear Ofwat,

Re: Consultation on proposed modifications to Condition B

I am writing to you on behalf of Independent Water Networks Limited (“IWNL”), part of the BUUK Infrastructure Group of companies, in response to the Ofwat consultation on [Proposed modifications to Condition B: Charges of 16 water companies’ licences](#), which was published on 24 August 2023. I can confirm that our response is not confidential, and we are happy for it to be published on the Ofwat website.

We are aware of the decision Ofwat published, as part of its [Final methodology for PR24](#), to remove developer services from the provisions of the price control from 2025, and recognise that the purpose of this consultation is to formalise the corresponding licence changes that will be required to facilitate this change. We understand that, when taking this decision, Ofwat emphasised that incumbents would still be required to comply with its charging rules and set out that it would “consider ahead of the 2025-26 charging year whether any changes to charging rules are needed to protect customers in these instances”.

We note that, unlike the current price control arrangements, the charging rules do not have any formal legislative grounding and that it is not possible for Ofwat to hold incumbents to account for their performance against the corresponding provisions of these requirements. Recognising the different legal basis of these tools, we think there is a clear rationale for Ofwat to strengthen the foundation of these charging arrangements and complete this process in parallel with the implementation of licence changes that formalise the removal of developer services from the licence conditions underpinning PR24. We note that this would be aligned to the ongoing discussions that have been taking place via the Ofwat-led bulk supply working group (BSWG) and NAV requests for the development of an industry-agreed common charging methodology which would be adopted by all incumbents.

I hope that this letter is helpful. We would very much appreciate the opportunity to discuss these issues with Ofwat in more detail; if this would be of interest, please get in touch via email (keith.hutton@bu-uk.co.uk) or phone (07970 730688).

Kind regards,



Group Regulation Director

