

	Details
Applicant	Albion Water Limited (“ Albion Water ”)
Site Details	Abbey Lane, Burscough (“ the Site ”)
Services	Water and Sewerage
Current water and sewerage appointee	United Utilities Water Limited (“ United Utilities ”)
Proposed supply arrangements	Bulk supply and bulk discharge agreement with United Utilities
Criterion	Unserved
Household Customer	110
Business Customers	0
Developer	Fairhome Property Solutions Limited
Estimated Site completion date	June 2025
Summary of consultation	A statutory consultation made under section 8(3) of the Water Industry Act 1991 (“ WIA91 ”) to grant Albion Water a variation to its appointment as a water and sewerage company. To also vary the appointment of United Utilities as a water and sewerage company. Consequently, Albion Water will become the water and sewerage company for the Site.
Deadline for submissions	<p>Representations or objections to this consultation should be sent by email to Licensing@ofwat.gov.uk or in writing and sent to the NAV licensing team, Centre City Tower, 7 Hill Street, Birmingham, B5 4UA.</p> <p>Reponses must be received by Ofwat no later than 17.00 hours on 5 October 2023.</p>
<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 http://www.ofwat.gov.uk/foi/.</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 Publication Scheme.</p>	

The Stakeholder engagement section was edited in this consultation paper on 13 September 2023.

1. Our assessment of this application

Our approach

The new appointment and variation mechanism set out in primary legislation¹, 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](#).

Unserviced status of the Site

To qualify under the unserved criterion, an applicant must show that at the time the appointment is made, none of the premises in the proposed area of appointment is served by the existing appointee.

Albion Water is applying for a variation based on the unserved criterion. United Utilities has provided a letter, dated 15 March 2023, confirming that, in its view, the Site is unserved. Satellite images show no pre-existing buildings or infrastructure. The Site is brownfield.

Given the information provided by the applicant and the incumbent company, we are satisfied that the Site may be considered unserved.

Price

Albion Water proposes to match the charges to customers on the Site to those of United Utilities.

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 Albion Water's proposed Customer Code of Practice, and our view is that it is of an appropriate standard. Our

¹ 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.

view is that customers on the Site would be no worse off in relation to the scope of Albion Water' proposed Customer Code of Practice than they would be if United Utilities were to be the customers' water and sewerage company.

Stakeholder engagement

We take the view of the Environment Agency², the Drinking Water Inspectorate ("DWI"), and the Consumer Council for Water ("CCW") into account before progressing to formal consultation on an application.

The Environment Agency informed us that it is content for us to consult on this application.

As part of the application process Ofwat has engaged with CCW. CCW's position is that 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 looked at the proposed levels of service and is satisfied that **Albion Water** offers levels of service which will match or better those offered by the incumbent water and sewerage company which would otherwise serve the site.

Impact on existing customers

In considering whether customers will be no worse off, we also considered the potential effects of this variation on the prices that United Utilities' existing customer base may face.

The incumbent's bulk charges to the NAV should closely relate to the services the NAV provides to its end customers. We published our final guidance on bulk charges in January 2021 ([Bulk charges for new appointees - guidance on our approach and expectations](#)), following a consultation on our approach and a consultation on a draft version of our guidance in November 2020.

Our approach to regulating bulk charges was informed by a report we commissioned to explore whether incumbents' practices when setting bulk charges for NAVs were driving benefits for customers, the environment and wider society. The report confirmed that incumbents were setting bulk charges with reference to our May 2018 guidance, [a new approach to bulk charges for new appointees](#). This guidance introduced the principle that bulk charges for new appointees should be set to reflect the relevant wholesale tariff(s) and

² 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.

deduct costs that the incumbent would no longer incur if a new appointee supplied the site instead.

Therefore, if the incumbent's bulk charges are set at the correct level and adjusted to ensure that they remain cost reflective, we consider that granting this variation to Albion Water would have no financial impact on the bills of the incumbent's customers and could have potential benefits for customers. There are also potential spill-over benefits to customers arising from dynamic efficiencies achieved as a result of the competitive process to win sites.

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. When a company applies for a new appointment or variation, it must satisfy us that it is able to carry out all of the duties and obligations associated with being an appointed water or sewerage company.

We have considered the financial position of Albion Water in relation to providing water services to the Site, and we are satisfied the company demonstrates sufficient financial viability.

On this basis, we are currently satisfied that Albion Water would be able to finance its functions if the variation is granted.

2. Conclusion and next steps

In assessing Albion Water's application, we have considered the general benefits of new appointments and variations. Our view is that our two key policy principles would be met in this case, as customers would be no worse off, and Albion Water would be able to finance, and carry out, its functions. We have also considered the effects of granting the proposed variation on the existing customers of United Utilities.

We are currently minded to grant the variation under the unserved 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. Site maps

Water

PLAN REFERRED TO IN THE APPOINTMENT OF Albion Water Ltd AND THE VARIATION OF THE APPOINTMENT OF United Utilities Ltd, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON Abbey Lane, Burscough water services boundary map (new appointment)



Sewerage

PLAN REFERRED TO IN THE APPOINTMENT OF Albion Water Ltd AND THE VARIATION OF THE APPOINTMENT OF United Utilities Ltd, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON Abbey Lane, Burscough, Sewerage Services (New appointment)

