

Variation of Leep Networks (Water) Limited's appointment to include Canada Water A1 & A2, Surrey Quays Road, London

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On 28 March 2022, Ofwat began a [consultation](#) on a proposal to vary Leep Networks (Water) Ltd's ("**Leep Water**") appointment to become the water and sewerage services provider for a development in Thames Water Utilities Limited's ("**Thames Water**") water supply area and sewerage services area called Canada Water A1 & A2, Surrey Quays Road, London ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 27 April 2022. During the consultation period, we received representations from three organisations, which are summarised in Section 1 of this document. Due to the time elapsed since the consultation whilst Leep Water put in place the bulk services agreements to serve the Site, we asked statutory consultees again if they had any further comments on the proposed variation – these comments are also addressed 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 Leep Water's application and having taken account of the responses we received to our consultation, we decided to grant a variation to Leep Water's area of appointment to allow it to serve the Site for water and sewerage services. This appointment became effective on 22 November 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**”), the Drinking Water Inspectorate (“**DWI**”) and the Environment Agency. We considered these responses before making the decision to vary 's appointment. The DWI stated it had no objections to the proposed variation.

### **CCW**

CCW stated that in general it expects NAV appointments and variations to provide customers with prices, levels of service and service guarantees that match, or ideally, better those of the incumbent company, particularly for developments that include domestic housing, as household customers do not currently have the facility to choose or switch supplier, unlike business customers.

CCW is disappointed that there is no direct financial benefit to customers from having Leep Water as their provider of water and sewerage services, as Leep Water's intention is to match Thames Water's charges.

CCW agreed with our overall assessment that customers will be no worse off in terms of the levels of service that they will receive from Leep Water, than if they are served by Thames Water. CCW states that the service standards provided by Leep Water generally match or exceed the service standards of Thames Water, and therefore, overall CCW supports this application. For example, Leep Water offers greater compensation for not meeting a particular standard. However, CCW noted that, due to the relatively small size of its customer base, Leep Water does not currently offer its financially vulnerable customers a social tariff in the way that Thames Water does, but CCW acknowledges the commitment Leep now gives in its Household Charges Scheme that 'where a customer requests that we consider their particular financial circumstances, we will seek to match the level of service provided by the relevant incumbent water and/or sewerage company'. CCW noted that until Leep Water can provide a formal social tariff, it expects Leep Water to offer appropriate and flexible support to customers in financial difficulty who would otherwise benefit from a social tariff. CCW considered that such support should not be at the expense of its other customers. CCW notes that by matching the incumbent's charges Leep Water already benefits from the cross-subsidy the incumbent's customers pay to support its Social Tariff.

CCW noted our calculation that there will be no potential cost on the annual bills of Thames Water's existing water or sewerage customers once the Site is completed. Whilst it appreciates this, CCW is unclear whether there will be any significant benefits arising from this arrangement for Thames Water's customers. CCW therefore questions the value of the NAV regime if it cannot deliver benefits to customers.

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### **Our response**

One of the key policy principles Ofwat considers when assessing NAV applications is that customers overall should overall be no worse off (in terms of the price and service they receive) than if they had been supplied by the existing appointee. This requirement has been met by Independent Water Networks in its proposal to improve the levels of service and match the pricing set by Thames Water. Our assessment does not require applicants to better the service and price of the existing appointee.

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 applicant 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

### **Environment Agency**

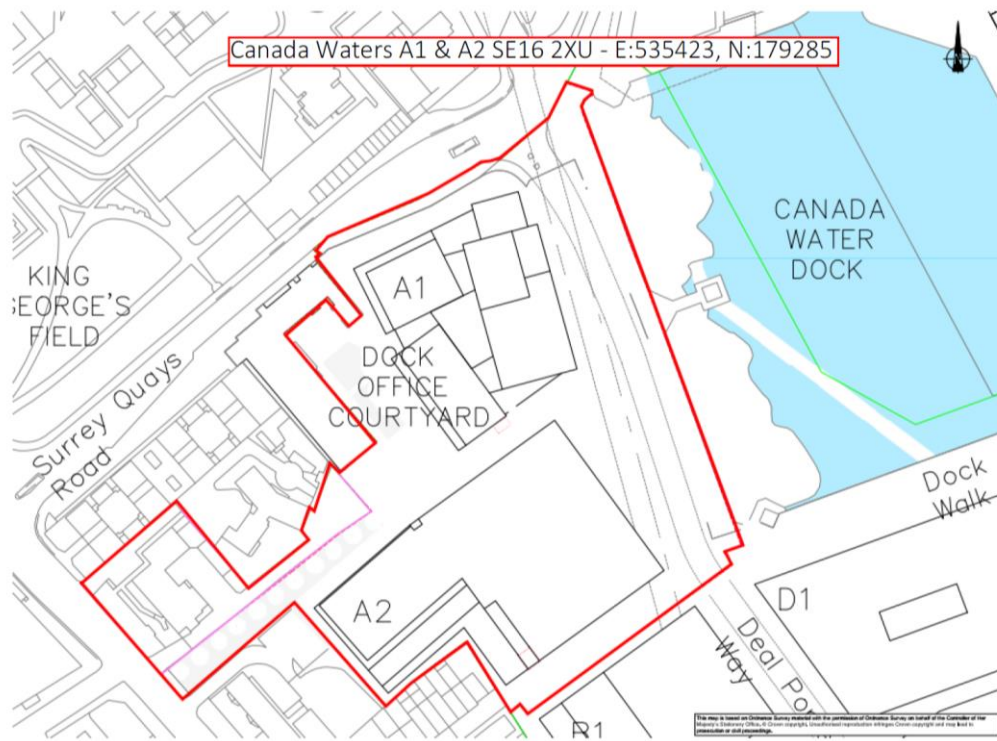
The Environment Agency responded on 27 April 2022, asking Leep Water to ensure that it's network at the site should have the capacity to convey technical information which would ensure that the incumbent it purchases services from can meet its regulatory requirements, and that no development can take place until agreements are in place between both parties. Leep Water confirmed that it has noted the Environment Agencies concerns.

When we contacted consultees to ensure that their previous responses still stood, the Environment Agency responded, flagging that the water supply and demand forecasts in Leep Water's application did not reflect the assumptions set out in its draft Water Resources Management Plan (the statutory water resources management plan water companies are required to prepare to set out their planning approach for at least the next 25 years), and that this could pose a potential risk of a supply deficit in the future. Where a risk of deficit exists, applicants are expected to assure the Environment Agency, via statutory processes, that there is not a risk of deficit or, that any deficit will be resolved. Leep Water provided this on 6 September 2023 and this was shared with the Environment Agency, which confirmed it satisfied with its response on 27 October 2023.

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## 2. Site Maps

### Water

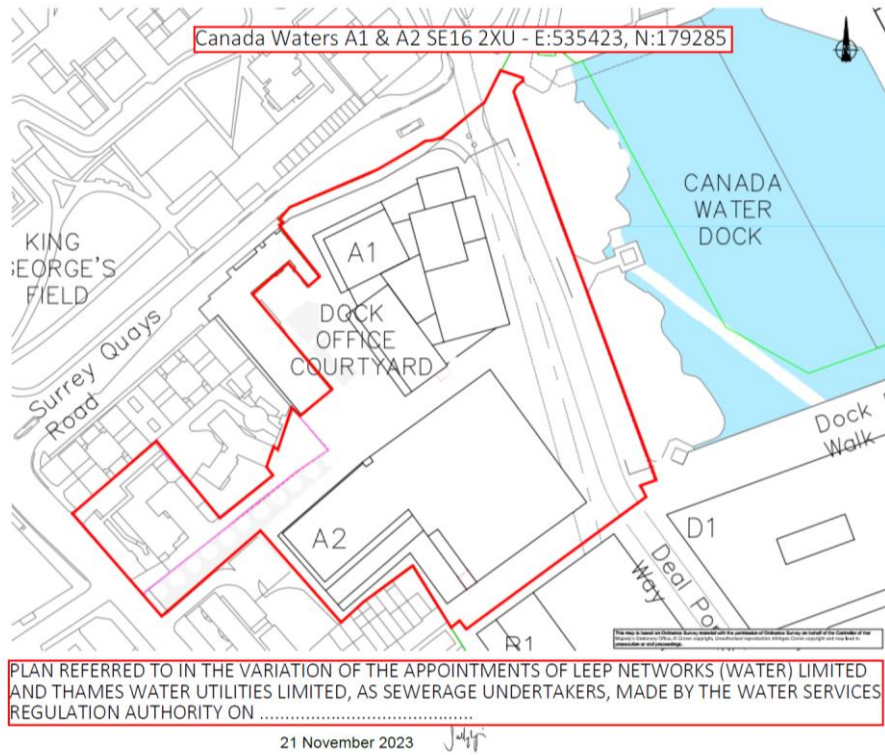


PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF LEEP NETWORKS (WATER) LIMITED AND THAMES WATER UTILITIES LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON .....

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## Sewerage



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### 3. Variation Notice

**Commented [AC1]:** Use print screen or snipping tool to copy the signed variation notice onto the following pages.

**WATER SERVICES REGULATION AUTHORITY  
WATER INDUSTRY ACT 1991, SECTIONS 6 TO 9**

**Variation of the Appointments of Leep Networks (Water) Ltd and Thames Water Utilities Limited as Water and Sewerage Undertakers**

Made on 21 November 2023

Coming into effect on 22 November 2023

1. Leep Networks (Water) Ltd ("Leep Water") and Thames Water Utilities Limited ("Thames Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").<sup>1</sup> The areas to which the Appointments of Leep Water 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 Canada Water A1 & A2, Surrey Quays Road, 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 British Land Company plc.
3. Leep Water 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 Services<sup>2</sup> 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 Leep Water's application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of British Land Company plc, the Water Services Regulation Authority varies—

<sup>1</sup> 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. Leep Water's original Appointment was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

<sup>2</sup> 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.

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(a) the Appointment of Leep Water as a water and sewerage undertaker so that the Site is included in Leep Water's 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 Irwin  
Director of Enforcement