

Variation of Independent Water Networks Limited's appointment to include Rattle Road (Parcel A, B and C), Pevensey

On 14 March 2022, Ofwat began a [consultation](#) on a proposal to vary Independent Water Networks Limited's ("**Independent Water Networks**") appointment to become the water and sewerage services provider for a development in South East Water Limited's ("**South East Water**") water supply area and Southern Water Services Limited ("**Southern Water**") sewerage services area called Rattle Road (Parcel A, B and C), Pevensey in East Sussex ("**the Site**"). Details of the application and our assessment of it were set out in the consultation document.

The consultation ended on 11 April 2022. During the consultation period, we received representations from three organisations, which are summarised 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 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 Independent Water Networks' application and having taken account of the responses we received to our consultation, we decided to grant a variation to Independent Water Networks' area of appointment to allow it to serve the Site for water and sewerage services. This appointment became effective on XX January 2024.

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 three responses to our consultation from 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 Independent Water Networks' appointment.

The DWI and the Environment Agency confirmed they had no comments to make with regard to this consultation and did not have any objections. The points raised in CCW's response are set out below.

CCW

CCW stated that in general it expects new appointments and variation appointees to match or ideally better the incumbent's prices, service levels and service guarantees. CCW say that this is particularly true for developments that include domestic housing, as household customers do not currently have the facility to choose or switch supplier like business customers can.

CCW noted that is it disappointed that there will be no direct financial benefits to customers from being served by Independent Water Networks instead of South East Water and Southern Water, since Independent Water Networks will charge customers on the same basis as South East Water and Southern Water. CCW noted that under this arrangement customers will be no worse off in terms of the amount they pay, but nor will they be any better off than if South East Water and Southern Water served them. However, CCW also recognises that Independent Water Networks offers a 2.5% discount against incumbent charges and discounts to customers who are able to and opt to take up e-billing or direct debit payments.

CCW noted that Independent Water Networks generally matches or exceeds South East Water's and Southern Water's service standards, and so overall CCW supports this application, agreeing with our assessment that customers will not be worse being served by Independent Water Networks on the Site.

However, CCW noted that given its relatively small size and customer base Independent Water Networks does not currently offer its financially vulnerable customers a social tariff in the way that South East Water and Southern Water does. CCW recognised that Independent Water Networks will offer the standard WaterSure tariff for qualifying customers, who find themselves in financial difficulty. CCW considered that until it can provide a formal social tariff, it may be appropriate for Independent Water Networks to tailor some of the services that it provides. CCW expects Independent Water Networks to offer appropriate flexible support to any individual in financial difficulty, especially those who would otherwise benefit

from a social tariff. It noted that this should not be at the expense of its other customers. CCW expects Independent Water Networks to research the views of its customers on any proposed cross-subsidy before introducing any social tariffs.

CCW notes our calculation of a potential annual increase of £0.01 on the water bills of existing South East Water customers and an annual increase of £0.01 on sewerage bills of existing Southern Water customers. Whilst CCW appreciates that this is a small increase, it considers that it is unclear if there will be any significant benefits arising from this arrangement for existing South East Water and Southern Water customers. CCW questions the value of the NAV regime if it cannot deliver benefits to customers and consider that the incumbents existing customers should also receive some benefit from new arrangement.

Our response

One of our key policies with respect to NAVs is that customers should be no worse off if a NAV is granted. That is, an applicant must ensure its new customers are made no worse off in terms of charges and service than if they had been supplied by the previous appointee. We do not require applicants to better the service and price of previous incumbents.

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.

2. Site Maps

Water



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTH EAST WATER LIMITED, AS WATER UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...
9 January 2023

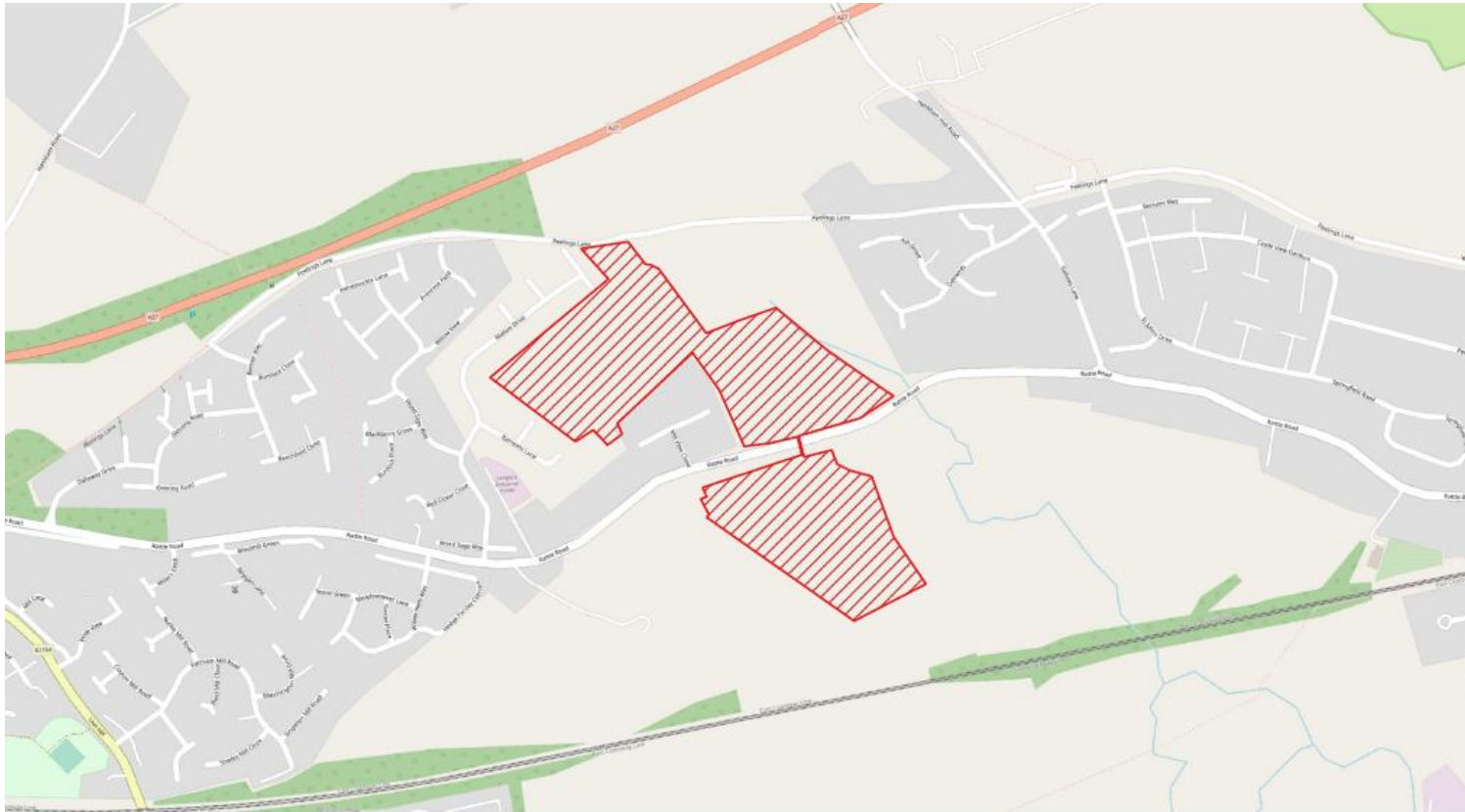
ADDRESS: PARCEL A, B AND C RATTLE ROAD,
PEVENSEY, EAST SUSSEX, BN24 5DP
OS GRID REFERENCE: 562772, 104542

SCALE: 1:7000
DRAWN BY: CS
DATE: 04/01/2022

0 100 200 m
**PARCEL A, B AND C RATTLE ROAD
WATER SUPPLY
INSET MAP 1**
PROJECT: N0022813



Sewerage



PLAN REFERRED TO IN THE VARIATION OF THE APPOINTMENTS OF INDEPENDENT WATER NETWORKS LIMITED AND SOUTHERN WATER SERVICES LIMITED, AS SEWERAGE UNDERTAKERS, MADE BY THE WATER SERVICES REGULATION AUTHORITY ON ...
9 January 2023

ADDRESS : PARCEL A, B AND C RATTLE ROAD,
PEVENSEY, EAST SUSSEX, BN24 5DP
OS GRID REFERENCE: 562772, 104542

SCALE: 1:7000
DRAWN BY: CS
DATE: 04/01/2022

0 100 200 m



**PARCEL A, B AND C
RATTLE ROAD
SEWERAGE UNDERTAKERS
INSET MAP 1**



PROJECT: N0022813

3. Variation Notice

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

Variation of the Appointments of Independent Water Networks Limited, South East Water Limited and Southern Water Services Limited as Water and Sewerage Undertakers

Made on 9 January 2024

Coming into effect on 10 January 2024

1. Independent Water Networks Limited ("Independent Water Networks"), South East Water Limited ("South East Water") and Southern Water Services Limited ("Southern Water") hold Appointments as water and sewerage undertakers for their respective areas ("the Appointments").¹ The areas to which the Appointments of Independent Water Networks, South East Water and Southern 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 Rattle Road (Parcel A, B and C), Pevensey in East Sussex which is shown edged in red on the plan attached to this variation ("the Site") is within South East Water's Water Supply Area and Southern Water's Sewerage Services Area. The Site is being developed by Riverdale Developments Limited.
3. Independent Water Networks 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 South East Water's and Southern Water's Appointments 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 Services² 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 Independent Water Networks' application.
5. Therefore, as provided by sections 7(2) and 7(4)(b) of the Act, and with the agreement of Riverdale Developments Limited, the Water Services Regulation Authority **varies**–

¹ South East Water's and Southern 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. Independent Water Networks' original Appointment was made by the Water Services Regulation Authority under sections 6 and 11 of the Water Industry Act 1991.

² 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 Independent Water Networks as a water and sewerage undertaker so that the Site is included in Independent Water Networks' Water Supply Area and Sewerage Services Area;
- (b) the Appointment of South East Water as a water undertaker so that the Site is excluded from South East Water's Water Supply Area; and
- (c) the Appointment of Southern Water as a sewerage undertaker so that the Site is excluded from Southern Water's Sewerage Services Area.

Signed for and on behalf of the Water Services Regulation Authority



Dayana Daneva
Principal
Casework, Enforcement and Customers