



Dŵr Cymru
Welsh Water

Guidance for New Appointments and Variations (NAVs) - Large Users

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Version Control

Version Number	Date of Issue	Modifications to previous issue
V4.0.	1 April 2020	Updated to reflect Industry Agreed levels of service. Removal of charging information as this is now in a separate NAV charging document.

Definitions

The following terms will have the meanings set out below wherever used throughout this Guidance:

Bulk Supply: A bulk supply of water from one appointed water company to another or a bulk discharge of wastewater from one sewerage company into the sewers of another sewerage company.

Bulk Service: A NAV can provide its own onsite infrastructure, but rely on a bulk supply of water, or bulk discharge of wastewater, from or to the relevant incumbent's network. The NAV still serves end-customers, but the NAV pays the incumbent for bulk services.

Customer: A new appointee or appointee seeking to vary its licence making a NAV application as a large user.

DWI: The Drinking Water Inspectorate, responsible for regulating public water supplies in England and Wales. The DWI is responsible for assessing the quality of drinking water, taking enforcement action if standards are not being met, and taking appropriate action when water is unfit for human consumption.

Large User Criterion: Criterion for a NAV application where the prospective NAV applies on the basis that it will use a large amount of water. In Wales this is over 250 megalitres of water a year. In England this is more than 50 megalitres of water a year.

Undertaker: A company appointed under section 6 of the Water Industry Act 1991.

Wastewater: Sewage or Sewage and Surface water or Surface water only

WIA91: Water Industry Act 1991.

Guidance for New Appointments and Variations (NAVs) – Large Users

1. Introduction

This document (the “Guidance”) sets out the Dŵr Cymru Welsh Water (DCWW) guidance for supporting customers to provide water and wastewater services under the Large User criterion in DCWW’s area of appointment.

The Guidance provides a framework to ensure all New Appointments and Variations (NAVs) are treated fairly and in line with the legal and regulatory requirements. In particular, DCWW is committed to meeting the aims of Competition Law and meeting the requirements of our licence (i.e. prevention of undue discrimination, undue preference and the misuse of information) including **Condition E1**.

If you have any comments or observations in relation to this guidance please contact Kate Newton, our Competition Solicitor (at kate.newton@dwrcymru.com or on 01443 452740).

2. Supporting Our Customers throughout the Process

All enquiries from Customers should be directed to DCWW’s Wholesale Service Centre.

Wholesale Service Centre

DCWW Welsh Water

PO Box 3164, Cardiff, CF30 0FF

T: 0800 260 5053

<http://wsc.dwrcymru.com>

wholesaleservicecentre@dwrcymru.com

Internal controls have been established to ensure Customers are treated fairly and that any confidential information is handled appropriately to avoid any undue preference being shown to any party. There is segregation between teams delivering services on behalf of the Customer and those who may be delivering services directly to a Developer.

Work commissioned by a Customer will be delivered to industry service standards or where applicable, internal performance standards designed to provide industry leading levels of customer service. DCWW encourages early engagement for new large user sites in order to address any issues that may arise during the planning/construction process.

This Guidance sets out the work required and key criteria that need to be considered in DCWW’s interactions with a prospective Customer. DCWW commits to responding to requests from Customers within the Industry agreed levels of service timescales and where we are unable to do so we will provide a full explanation and the achievable timescale. We have indicated throughout this Guidance the normal timescales that will apply

and we will aim to respond within these timeframes wherever possible. A table outlining the stages of the application process and the timeframes for DCWW's responses is included in Appendix A.

3. Overview

A new appointment is made where a limited company is appointed by Ofwat to provide water and/or sewerage services for a specific geographic area. The new appointee has the same duties and responsibilities as the previous statutory water company.

A variation is where an existing appointee asks Ofwat to vary its appointment so it can extend the areas it provides services to.

A NAV therefore involves one company replacing another as the appointee for a specific geographic area. Ofwat provides guidance for Customers for NAV appointments, as well as for incumbent companies responding to NAV applications within their area, available via the following link:

<https://www.ofwat.gov.uk/regulated-companies/markets/nav-market/nav-publications/>

4. Site Eligibility

For a Customer to apply to serve a new or existing site under the large user criterion, **the** site must use or be expected to use more than 250 megalitres of water a year and be within the supply area of DCWW.

4.1. Site status review

If a Customer makes an enquiry about an existing large user site, they should provide the details of the supply serving the site and DCWW will confirm from its records whether the site meets the 250 megalitres threshold.

Where a Customer makes an enquiry about serving a new site that is expected to use in excess of 250 megalitres of water per annum, DCWW requests that the Customer provides at the time of the initial enquiry a letter from the intended occupier of the site outlining its expected annual usage.

5. Bulk Service Application

5.1 Information Requirements

Application forms can be downloaded from the Wholesale Service Centre [website](#) and submitted by e-mail to WholesaleServiceCentre@dwrwymru.com. To ensure that DCWW can provide a Customer with comprehensive advice about the site, the information requested on the forms should be submitted with an enquiry.

The Wholesale Service Centre will respond to the Customer within 5 business days acknowledging receipt of the application and confirm whether the application is complete or if further information is required before the application can proceed.

A bulk service offer will be issued to the Customer 28 days following the acknowledgement of a completed application and where we are unable to do so we will provide a full explanation and the achievable timescale.

5.2. Proposed Development

DCWW will: assess the impact of the proposed development; advise whether the local network can support the proposal; whether off-site water mains and/or sewers will need to be provided; and whether there is any apparatus located within the land the Customer may wish to develop and the requirements for these apparatus. Please refer to our Proposed Development Guidance document available [here](#). The advice provided will be valid for a period of 12 months from the date of issue.

DCWW will provide this service as part of the Bulk service offer or as a standalone service if requested by the customer.

5.2.1. The Likely Future Assessment

The WIA91 (water and sewerage bulk supplies) requires undertakers to consider the impact any new connection requests from NAVs or Developers will have on its ability to deliver services to both its existing and likely future customers. DCWW will undertake a 'likely future assessment' to evaluate the impact the Customer's site will have on the water demand management and/or sewerage catchment. This process will establish whether the proposed application would:

- Pose a risk to DCWW's ability to provide existing water and/or sewerage services;
- Be of detriment to the connection offered to development sites with extant planning consent; or
- Bear costs that would not have been borne if the NAV site had not occurred.

The starting point is to assess all developments that have an extant planning permission in the same zone/catchment as the NAV application site. This will also include consideration of any active non-domestic bulk supply and trade effluent applications. If the only site with extant planning permission is the NAV application site (and there are no active non-domestic applications) then the baseline of assessing capacity shall be the current demand on the assets. In all other cases, the NAV will be required to fund the asset reinforcement required (which is in line with the headroom assessment used for developer customers), which will constitute:

- the existing demand (including any active non-domestic bulk supply/trade effluent applications);
- the extant planning permission demand; and
- the NAV application site

5.2.2. Water Efficiency Assessment

Section 40 of the WIA91 relates to the efficient use of water resources between water undertakers. The water efficiency assessment is designed to ensure that only the water needed to support the Customer and the demands reasonably expected from the number and types of connections set out in the extant planning is reserved under any future bulk supply agreement. DCWW's objective is to demonstrate the efficient use of water resources to ensure that capacity is not unjustifiably reserved in bulk supply agreements preventing customers from accessing available headroom and leading to unnecessarily investment. DCWW aims to work collaboratively with the Customer to ensure the supply requested represents an efficient use of water resources.

5.3 Point of Connection or Discharge / Engineering Design

The proposed development review will provide an indication of whether the existing networks can accommodate the new development. There may be instances where the assets do not have capacity to service the site and hydraulic modelling will be required to assess the available options. This is detailed in 5.4 below.

Where the existing network can accommodate the development a detailed engineering solution for the connection or discharge (if required) will be provided upon payment of a deposit. The deposit will be deducted from the final cost of the scheme.

5.4. Network Hydraulic Modelling

The proposed development review will provide an indication of whether the existing networks can accommodate the new development. However, there may be instances where the assets do not have capacity to service the site and hydraulic modelling is required to assess the available options. It may be difficult to commit to definitive delivery deadlines, particularly for larger more complex developments. Please be advised that sufficient time will be required for these studies to be undertaken prior to finalising the bulk service offer.

There may be occasions where the site owner has already commissioned modelling work and the study has either been undertaken in part or full. Where this is the case, DCWW will ask the Customer to provide authorisation from the site owner agreeing to the release of this work.

The following three step approach sets out how to commission work to confirm the point of connection/discharge and the estimated cost of any network reinforcement required. The schedule of charges is set out in Appendix B.

Step 1 is the *modelling estimate*, which will identify the scope and cost of the modelling exercise needed. The Wholesale Service Centre will provide the Customer with an outline of the work required, estimate of the cost and approximate timescales where possible. For water modelling estimates, the Wholesale Service Centre aims to respond within 5 business days. Due to the complexity of wastewater hydraulic modelling, estimates can take up to 20 business days. The Customer then has 6 months to decide whether to accept this estimate

and instruct DCWW to undertake modelling work. Estimates are valid for 6 months and payment is made in advance of the work being undertaken.

Step 2 Following payment of the estimated value of the hydraulic modelling, DCWW will undertake a modelling study and publish a **hydraulic modelling report**. This will set out the impact the bulk supply will have on the network and treatment works and whether a point of connection/discharge can be offered without investment in DCWW's treatment assets or network. Where investment is required, it will detail the assets requiring investment and whether new mains and sewers will be required to communicate from the boundary of the Customer's site to a suitable connection point on DCWW's network. A high level estimate of the cost will be incorporated into the report and the results of the model will be valid for 6 months.

Step 3 is the **engineering design**. If the Customer decides to proceed, the final step will be to commission a detailed engineering solution for the connection. When an application is submitted for engineering design, the Wholesale Service Centre aims to respond within 5 business days to either confirm that the required information has been received to undertake the design or to ask for further information if required. Once it is confirmed that the application is complete, the Wholesale Service Centre aims to provide a response within 28 days, this response will include a formal offer for bulk services. A deposit will be required which will be deducted from the final cost of the scheme.

5.5. Risk Assessments

To enable a Customer to submit its risk assessment to the DWI, any risk assessment information required should be requested via the Wholesale Service Centre. The Wholesale Service Centre aims to return the information to Customers within 15 business days of receiving the request. This can be applied for at any time and will run in conjunction with other Steps in the Application Process.

5.6. Bulk Service Pricing and Connection Charges

5.6.1. Bulk Charges

The price and non-price terms for the bulk service agreement will be provided as part of the bulk service offer and will include the connection charges and the cost of any offsite works that need to be carried out on DCWW's networks and treatment works to provide the required services. The offer will be based on the information available at the time of the request and may be subject to change. The Bulk charge will be based on the appropriate Wholesale Industrial Tariff as detailed in our Charging information for NAVs Document available [here](#).

5.6.2 Connecting Infrastructure

DCWW will model network solutions in support of the NAV application and will consider requests to undertake the capital works required to construct the communicating water main or sewer to the designated connection point on a case by case basis (in particular because DCWW may not have the statutory powers to carry out this work).

5.6.3. Bulk Service Metering

DCWW may install bulk meters at supply points on the boundary of the NAV site to be used for charging and wider network management. The price of the meter will be included in the cost of the connection.

5.7. Bulk Service Agreements

A bulk service agreement should be in place before Ofwat will award a NAV. DCWW's standard bulk service agreements for water and/or waste water service are available [here](#).

Bulk agreement negotiations can be commenced during the pre-planning phase for new large user sites and will be concluded during the public consultation stage, following the application being submitted to Ofwat. Bulk service offers will be conditional on both parties having agreed contract terms and the application being successful. DCWW will provide a letter of support to the NAV where appropriate and will furnish Ofwat with any details Ofwat may deem pertinent to their consideration of the NAV application.

5.8 Mandatory Sewer Adoptions

Section 106 WIA91 (as this provision applies to Sewerage Undertakers that are 'wholly or mainly in Wales') requires that any new sewerage construction that will communicate with an existing DCWW public sewer (whether this is in our Welsh or English part of our operational area) must be included in a Section 104 WIA91 sewer adoption agreement with DCWW before construction commences even where the site is the subject of a NAV application. DCWW has no ability to afford any flexibility with this legal requirement. This legal requirement only falls away in the event that a NAV deemed 'wholly or mainly in England' is appointed for the site.

Any sewerage pipe laid prior to the NAV being appointed, i.e. within DCWW's area of appointment must, in addition to being subject to a Section 104 sewer adoption agreement, also comply with the Welsh Ministers Standards for Gravity Foul Sewers and Lateral Drains.

6. Post-Submission of the NAV application to Ofwat

Once the NAV application has been submitted to Ofwat, a Section 8(2) Notice must be sent to key stakeholders including the existing appointee of the relevant site within 14 calendar days. The notice should be sent to the registered address set out below:

Company Secretary
Dŵr Cymru Welsh Water
Pentwyn Road
Nelson
Treharris
Mid Glamorgan
CF46 6LY

It is requested that a copy of the notice is also sent by email to WholesaleServiceCentre@dwrcymru.com.

7. Post-Award

7.1. Transition

Once Ofwat have confirmed the award of the NAV to the Customer, DCWW will support the new appointee via a named point of contact within the Wholesale Service Centre. Transition arrangements will be agreed to ensure:

- Bulk service contracts are enacted;
- Physical connections to DCWW's networks are facilitated;
- Billing arrangements are established.

Controls established to maintain confidentiality between Developer Services and the Wholesale Service Centre during the application process will be relaxed, reflecting the transition of the new appointee from a competitor to a customer (Ofwat's 'Competitor Principle'). It facilitates the use of appropriately skilled and knowledgeable resources with development industry backgrounds to support the new appointee when connecting to DCWW's network.

7.2. Contract Management

On-going support including billing, collection of charges and meter reading will be provided via the Wholesale Service Centre. Tailored contract management services may also be made available to Customers on request.

Appendix A - Application Process

The table below outlines the stages of the application process. It may be the case that work streams will run in parallel e.g. eligibility and pre-planning report. The table should be interpreted as a suite of tasks rather than a linear flow of work, the extent of the overlap largely reliant on the instruction received by the Customer.

Stage	Key Process	Process	Response Time
1	Site status review	DCWW engages with the Customer and confirms eligibility for existing sites or agrees eligibility for a new site	21 days
2	Bulk service applications	The Customer submits an application form and DCWW acknowledges receipt and confirms completeness.	5 business days
	Bulk service offer	DCWW will provide a bulk service offer which will provide the following information: <ul style="list-style-type: none"> • Proposed Development – Confirmation of bulk service requirement including peak flow / discharge; • Services – Confirmation of services and available capacity; • Connection – Details of permanent point of connection and connection costs. Details of temporary arrangements, such as temporary capacity constraints, temporary points of connection and indicative information on any reinforcement work required; and 	28 days

		<ul style="list-style-type: none"> Commercial terms and conditions – Applicable connection costs, capital and financing costs for work required to reinforce DCWW’s existing networks and treatment works, infrastructure charges, bulk charges and standard bulk agreements. 	
2	Hydraulic Modelling Assessment (if required)	If hydraulic modelling is required, an estimate of the cost to model the solution will be provided. DCWW aims to provide water estimates within 5 business days and wastewater estimates within 20 business days.	5-20 business days
	Hydraulic modelling study (if required)	Modelling study and hydraulic modelling report to show whether network has capacity or if investment is required. On completion of the modelling study and after confirmation that the Customer wants DCWW to proceed to the Engineering Design the Bulk service offer will be provided within 28 days as above.	Dependent on modelling required
2	Risk Assessment	Where a Customer requires information on DCWW’s drinking water safety plans to submit a satisfactory risk assessment to the DWI, DCWW aims to respond with the requested information within 15 business days	15 business days
3	Bulk service agreements	Standard bulk service agreement signed and issued to the NAV within 28 days commencing on either (i) on the day after written acceptance from the NAV of the bulk service offer, or (ii) on the day after agreement of non-standard terms.	28 days

		Acknowledgement of returned signed agreement	5 days
4	Bulk connection	Bulk connection completed following payment	28 days

