Independent Networks Association

To: Ofwat Charging Team

By email only: charging@ofwat.gov.uk

30 July 2026

Dear Colleague,

I am writing to you on behalf of the Independent Networks Association (INA) in response to the **Statutory consultation on changes to the Wholesale Charging Rules and Charges Scheme Rules to promote greater water efficiency** on which was published on 18 June 2026.

The INA represents the UK's Independent Network Operators who play a vital role in energising homes and businesses, as well as providing water and wastewater services. Our members have delivered significant improvements in competition, choice and service for customers in the utility market and, together, own/ operate utility infrastructure and networks that provide energy, power, water and wastewater to over 5 million households and thousands of businesses across the UK. While the competitive market for last-mile networks in water and wastewater, is relatively less mature than in energy, experience has demonstrated the significant potential for further development of the NAV sector to deliver more substantial and wide-ranging benefits to developer/ end customers.

The INA welcomes the opportunity to respond to Ofwat's statutory consultation on amendments to the Wholesale Charging Rules and Charges Scheme Rules. We support Ofwat's objective of ensuring charging arrangements better reflect water scarcity and provide appropriate incentives for water efficiency. As a trade body representing New Appointments and Variations (NAVs), our response focuses on the need to ensure that the proposed changes are considered in the context of the full water chain, including NAVs and the bulk supply arrangements that underpin their activities.

Support for Ofwat's Proposed Approach

We recognise the importance of promoting greater water efficiency and ensuring that charging structures can take appropriate account of water scarcity. NAVs operate within the same wider resource environment as incumbent water companies and have an important role to play in encouraging efficient water use by customers on NAV sites. We therefore support the proposed amendments to clarify that long-run costs may include costs associated with addressing water scarcity, and to allow charging differentials to reflect incentives to promote water efficiency and associated environmental and wider societal benefits.

NAVs and Bulk Supply Arrangements

The consultation does however appear, to primarily consider the application of the proposed rule changes by Incumbent water companies in relation to their own wholesale charges and

charges schemes. We would encourage Ofwat to consider how the proposed changes should apply where services are provided by NAVs.

NAVs are also well placed to support and encourage water efficiency outcomes for their customers. We would therefore encourage Ofwat to consider how the regulatory and charging framework can help ensure that NAVs are able to respond appropriately to any water scarcity or efficiency signals, including where those signals are reflected in the charges NAVs receive from incumbent companies and in the charges, they set for their own customers.

We would welcome clarification on how any scarcity-based or water efficiency-related charging signals introduced by incumbent companies would be reflected in bulk supply charges to NAVs, and how NAVs should be expected to mirror, pass through or otherwise respond to those signals in their own charging arrangements. This would help ensure that the proposed rule changes support water efficiency across the sector as a whole, including in areas served by NAVs.

We would welcome further engagement with Ofwat on this issue and any related activity. Please contact me if you have any queries or would like to discuss further.

Yours sincerely,

[redacted]

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Executive Director