

AffinityWater

AFW06 - Developer Experience



Our Customers

Throughout 2025 – 2030 we will see the evolution of two separate markets each with distinctive characteristics, requirements, and customer needs. We understand we will play a different, yet vital, role in the each of these markets. We will continue to fully encourage advancement and diversification to ensure the customer remains at the heart of our industry.

Connections to Existing Market

The connections to existing market is driven primarily by the development of personalised customer relationships and delivering great value for money. We will remain a key reputable and stable provider for such customers and continue to impart knowledgeable and professional advice alongside proficient and skilled delivery services. We are committed to providing clear communication, quick, simple, and easy processes partnered with continuously improving usable technology.

Our objective remains to provide a seamless journey, custom-tailored specifically for individuals who may have limited familiarity with the new connections process. Our commitment to clear communication, user-friendly processes, and accessible support will enable us to deliver against this throughout 2025 - 2030 and beyond. By reducing unnecessary complexities and offering expert guidance every step of the way, we aim to create a positive and empowering experience for all our customers.

To support this, our team will curate a comprehensive Developer Information Pack. It will be carefully designed to effectively communicate the successful delivery of their new connections while providing a clear roadmap for the next steps in their journey. The primary objective of this pack is to enhance their individual experience during the transition from a DMEX customer to a CMEX customer.



We believe that this provision will bring about a significant positive impact on our internal customer survey response rates and consequently hope to gain a deeper understanding of our customers' needs and expectations. This, in turn, will enable us to continuously improve our services and tailor our processes to meet and, where possible, exceed their requirements.

We will also work closely with our integral customer management teams as they embark on the implementation of a new customer relationship management tool. Through such collaboration, we will look to build in extended system longevity, cross-functionality and team transference within the scope and training delivery. With this in mind, we envision attaining companywide operational benefits that will ultimately result in a positive and seamless improvement for all of Affinity Water's customers.

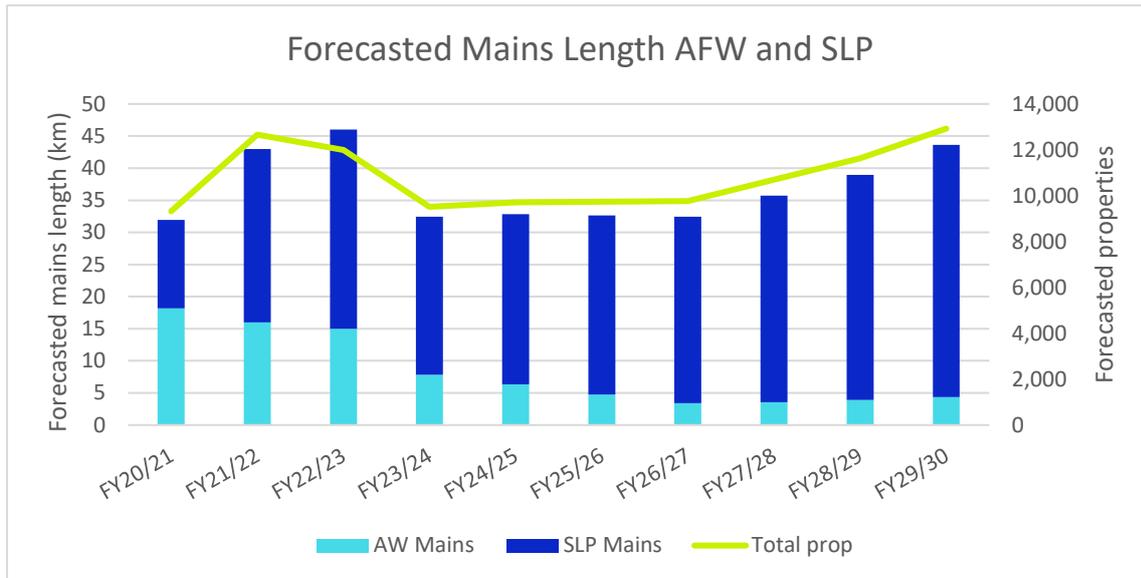
This will aim to build upon the effective changes completed through the current period, including our free online new connections calculator and revised language and information provided on our website, development portal and associated literature.

Site Specific

Larger developer customers place a stronger emphasis on delivery timescales and streamlined site management processes, where efficiency and helpful on-site support are paramount. We anticipate the continued, gradual, reduction in our operational market share, in line with actuals seen through the current period and the increase in self-lay providers being awarded up to c.75% of new mains work. As a result, we will encourage the development of innovative approaches and facilitate collaborative delivery practices across the utilities landscape, collaborating closely with allied industries.

We recognise the substantial and positive increase in NAV volumes within our region. Since 2021, the number of properties connected by NAVs has increased by 40%, constituting approximately 9% of the total connected properties. We forecast this percentage will rise further, reaching 13% by the end of 2030.

As the NAV market continues to mature, we expect a surge in partnerships between NAVs and self-lay providers. We acknowledge that this shift may lead to self-lay providers becoming our primary customer type by 2030. We will continue to adapt our services and processes to effectively meet the evolving demands of this growing customer segment. By embracing the changing landscape and by fostering collaborative partnerships, we will continue to successfully deliver against the needs of our customers, the industry and the wider utilities market.



Growth

Growth forecasting has been greatly affected by the recent national financial volatility. During 2020-2023, we experienced a decline in growth rates, in part due to factors such as the global Covid-19 pandemic, increases in the Bank of England interest rates, the cost-of-living crisis, higher mortgage rates, lack of affordable homes, and other macro-economic challenges. These challenges have influenced consumer behaviour, affecting the demand for housing and related infrastructure projects.

With anticipated shifts in the political landscape, resulting from the general election before 2025, we expect significant changes to economic policies and housing priorities, further influencing growth rate trends, particularly in the provision of social housing. We recognise the importance of continuously reassessing our growth forecasts and strategies and will remain adaptable, flexible, and reflective.

We continue to develop our growth data set and are in alignment with economic and market forecasts suggesting the avoidance of a recession and projected growth recovery to begin c.2025. We anticipate slow but steady growth in connection rates moving through years one and two of the next period, with increased acceleration from 2027 onwards.

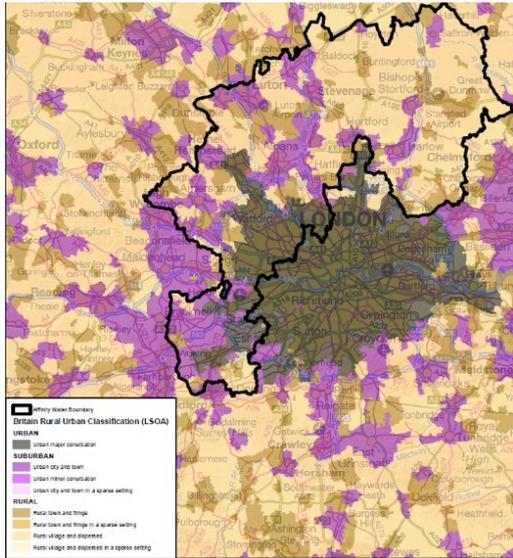


Figure 1: Regional urbanisation map

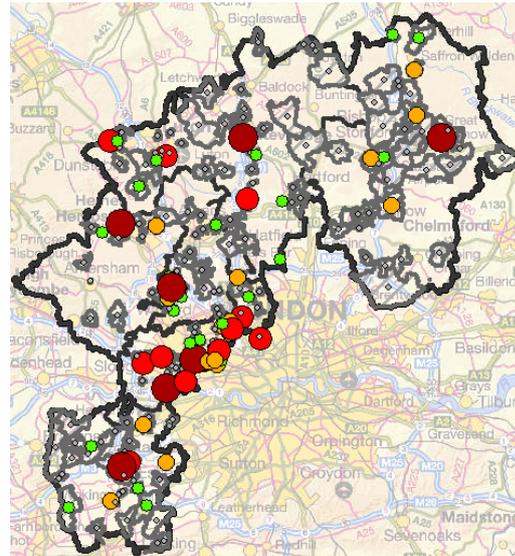


Figure 2: Road per square kilometre map

The central, and largest, part of our operational area is significantly urbanised, as illustrated in Figure 1. Ordnance Survey analysis identifies that our operating area has 4.01 kilometres of road per square kilometre, compared to that of the national average of 2.95 kilometres. Our forecasted growth profile indicates higher growth volumes in these more heavily urban locations (Figure 2).

Undertaking traffic management and delivery operations in urban areas provides greater challenges compared with more rural regions. The increased density of roads, buildings, and infrastructure requires careful planning, co-ordination, and efficient management to minimise disruptions. The impact of these challenges can directly affect our timelines to deliver new assets, leading to potential delays and increased costs for our customers.

To address these complexities and maintain our commitment to exceptional service, it is our ambition to identify areas of growth more proactively. This will enable us to effectively manage the impact through collaboration with other utility providers by encouraging co-ordinated multi-utility services. By identifying growth areas in advance and engaging in collaborative efforts with other stakeholders, such as local councils, planning authorities and developers, we aim to streamline our operations to ultimately reduce disruptions, reduce costs and enhance the efficiency of delivering new assets.

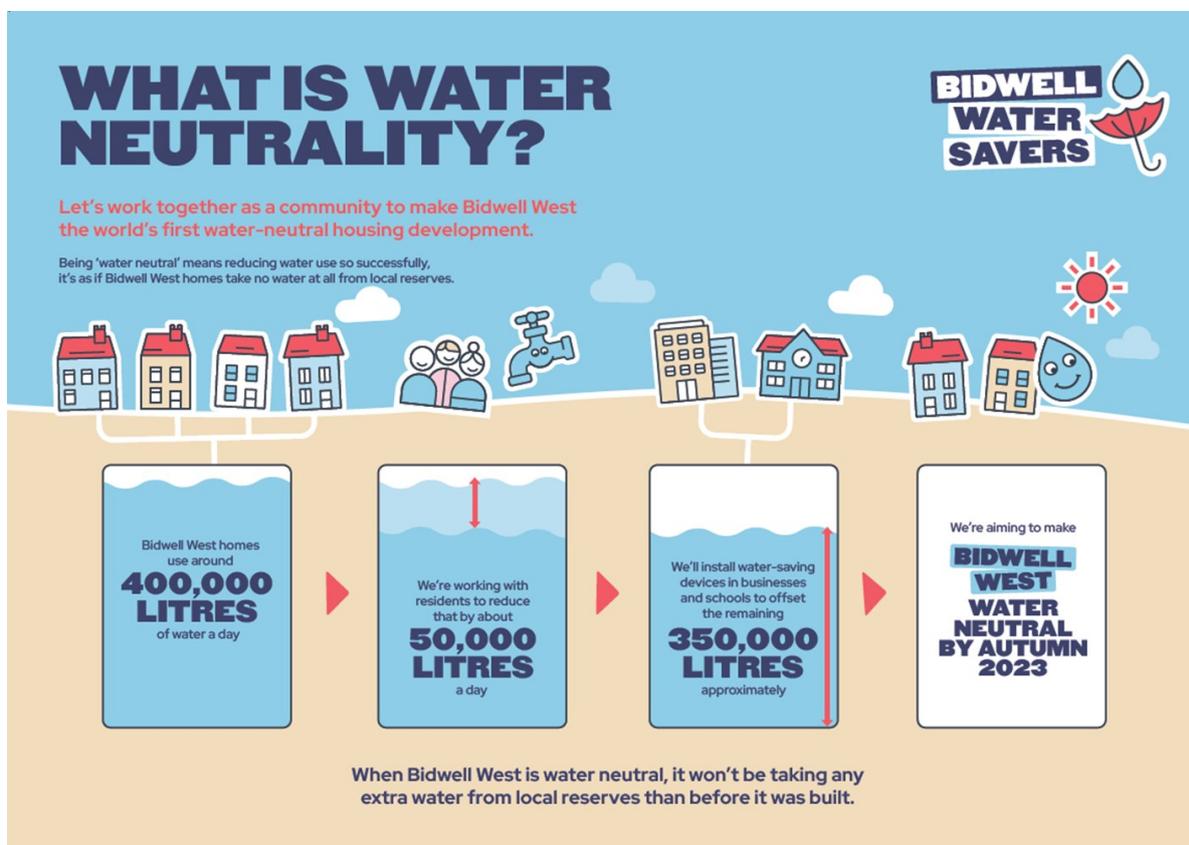
Resilience

The prospect of an additional 83 million litres per day of water consumption by 2032 requires significant consideration and we must assess the need for further safeguards to protect the supply of water to our customers and our region's water resources. It is important that we take proactive measures when considering approaches and incentives for new developments.

We will work closely with developers, key market players and other industry stakeholders to incorporate water-efficient designs, technologies, and best practices across our regional new developments. Through collaboration and innovative approaches, we will be able to better balance development and water demand, promoting more sustainable growth in our region.

We recognise the crucial role of Smart Meters and education in managing per capita consumption effectively. By leveraging our expertise in water neutrality and staying at the forefront of the evolving market, we are committed to promoting sustainable water practices in more new developments.

It is our aim to be world leading in the reduction of onsite PCC on new developments. Through collaborative efforts with developers, our aim is to leverage the positive outcomes and insights gained from the Water Breakthrough Challenge project.



To aid in the effective delivery of the Smart Metering Programme (as set out in Appendix AFW14 Enhancement Business Cases) we will focus on encouraging customer adoption by implementing a standard requirement for Smart Meters across our charging and operational offerings. By streamlining our meter provisions, we aim to achieve a simpler experience for our customers and realise benefits, including a reduction in per capita consumption and network leakage. This initiative aligns with our commitment to safeguarding the local environment and taking care of our water.

We will, where possible, work in partnership with suppliers and manufacturers to deliver suitable, sustainable, and forward-looking developments.

The use of Smart Meter data will aid in optimising our network management, leading to reduced network reinforcement requirements, in that our network will be able to support new connections more effectively before reinforcement is required.

This data-driven approach will contribute to lower impacts on infrastructure charges, payable by developers against each new connection made to the network. However, we do not anticipate this fully offsetting the impact of growth and additional related reinforcement requirements. Ultimately, it will help soften the increase in customer infrastructure charges, creating cost savings for our customers.

Environment

Our customers have consistently shown strong support for the development and expansion of our environmental incentive offerings. Together, we recognise the importance of incentivising and rewarding environmentally friendly new developments. It is our aim to provide a strong sustainable foundation on which Affinity can build and embed environmentally conscious behaviours by consumers to enhance such efforts by our developer customers.

We note there remains a consultation open with incumbents, exploring how we may as an industry develop a consistent incentive strategy. We anticipate the outcomes to be provided in advance of our Final Determination. At this stage, we will commit to providing feedback with the view that we will continue to operate in alignment with environmental incentive guidance and rules as set by Ofwat. Part of this consultation includes consideration of enhancing uptake of water neutral new development sites.

Water net-zero is a critical initiative that aims to balance water usage with water conservation, ultimately achieving a net-zero water footprint for future new developments. With the success of our NAV Neutrality innovation trial and the learnings acquired, we will continue to closely collaborate with DEFRA to form new policies requiring all new developments to be, as standard, water neutral, particularly for water-stressed areas of the country. Details of the NAV Neutrality trail are included in the case study at the end of this document.

We will support all stakeholders in achieving water neutrality for all new growth while adhering to the framework of environmental incentives, subject to confirmation by Ofwat. By fostering a collective effort, we will strive to ensure that our operations and regional growth initiatives align with sustainable water practices. Through proactive engagement and adherence to regulatory guidelines, we aim to lead in delivering water neutrality and safeguard water resources for future generations. This will help facilitate regional water savings as outlined in our Water Resource Management Plan.



As a result, we anticipate a rise in water-neutral sites. We believe there is an additional opportunity to better collaborate with social, non-household customers such as charities or schools to further reduce PCC across the balance of our customer base. We will look to use a combination of technological advancements, socio-economic water-efficient practices, and community engagement initiatives to develop a water sharing strategy. Collaborating with partners involved in non-household water use will be essential in achieving meaningful and impactful results in our region. We expect this to be a project which spans beyond the end of 2030.

To promote the uptake and development of water neutral sites, we will collaborate with local planning authorities and ensure water efficiency remains high on the agenda. We understand that water efficiency discounts are to be subsidised by developer customers who choose not to deliver water-efficient plots, ultimately achieving a net-balance position. This approach ensures that those who actively embrace sustainable practices receive pre-determined benefits, while also encouraging others to consider water efficiency during the inception of their sites.

Compliance

With the removal of site-specific Developer Services work from the Network Plus price control, we anticipate the introduction of challenging operational parameters through to 2030. We await further clarity to be provided resulting from the Autumn 2023 consultation.

Our approach for 2025 - 2030 will align with the outcomes from the consultation and continue to abide by any changes to the charging or operational rules when they are set. We will play an active role in industry conversation and help guide the thinking in line with our customers' preferences. We will develop external partnerships to support disruptors to the new connections market improving overall service levels to benefit our customers.

We will continue to operate with a comprehensive understanding of and in line with Competition Law across the service delivery landscape by ensuring full staff training competency. We will advance and align the training requirements of our delivery partners to match those of self-lay providers. Our charges will remain fair across the two market segments; they will neither abuse inherent incumbent dominance, for new connections to existing mains, nor be predatory leading to exclusion of competition for works requiring requisition mains.

We will continue to deliver transparent and simple charging arrangements, which align to the general charging principles. We will ensure our services are priced competitively to facilitate market diversification and improvement as an effective player. Careful consideration and audit will be undertaken to prevent cross-subsidisation from the wider business and safeguard fair funding for environmental incentives with the implementation of the removal of income offset.

Market

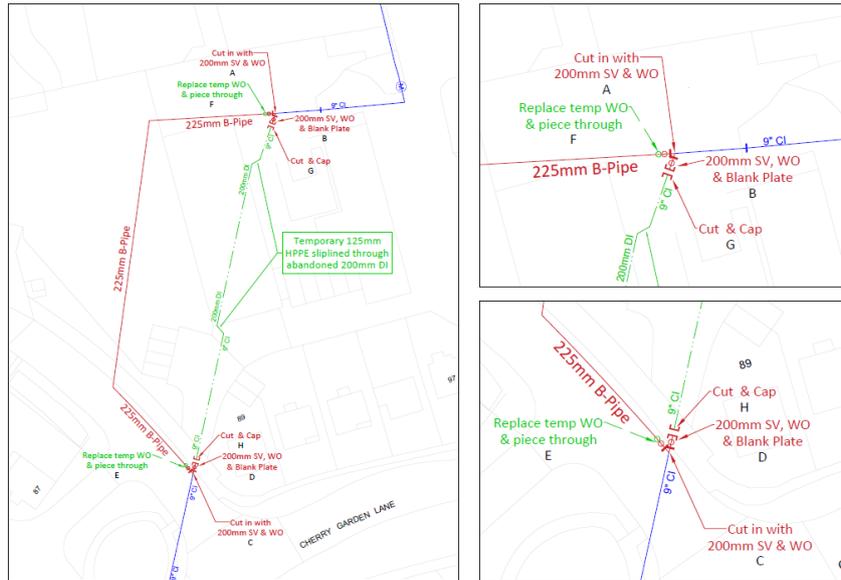
To address the challenges posed by development growth and shifts in market share, we are committed to ensuring we remain a key player and aim to reduce potential vulnerability. One of our key strategies involves diversifying our service portfolio offering.

Building on the success of our current work, we will expand our presence in the self-lay design work arena. By doing so, we will provide tailored solutions that align with network sustainability, ensure the longevity of our infrastructure, share best practices across the industry and, most importantly, safeguard the supply to our customers. Network designs will prevent the construction of over-engineered solutions and reduce associated maintenance liabilities for pipework and fittings in the future to continue excellent water quality performance.

To further enhance our capabilities and drive efficiency across Affinity Water, we are committed to upskilling our internal design team. Our vision is to transform the team into a market-leading and collaborative resource that delivers exemplary off and on-site network designs.

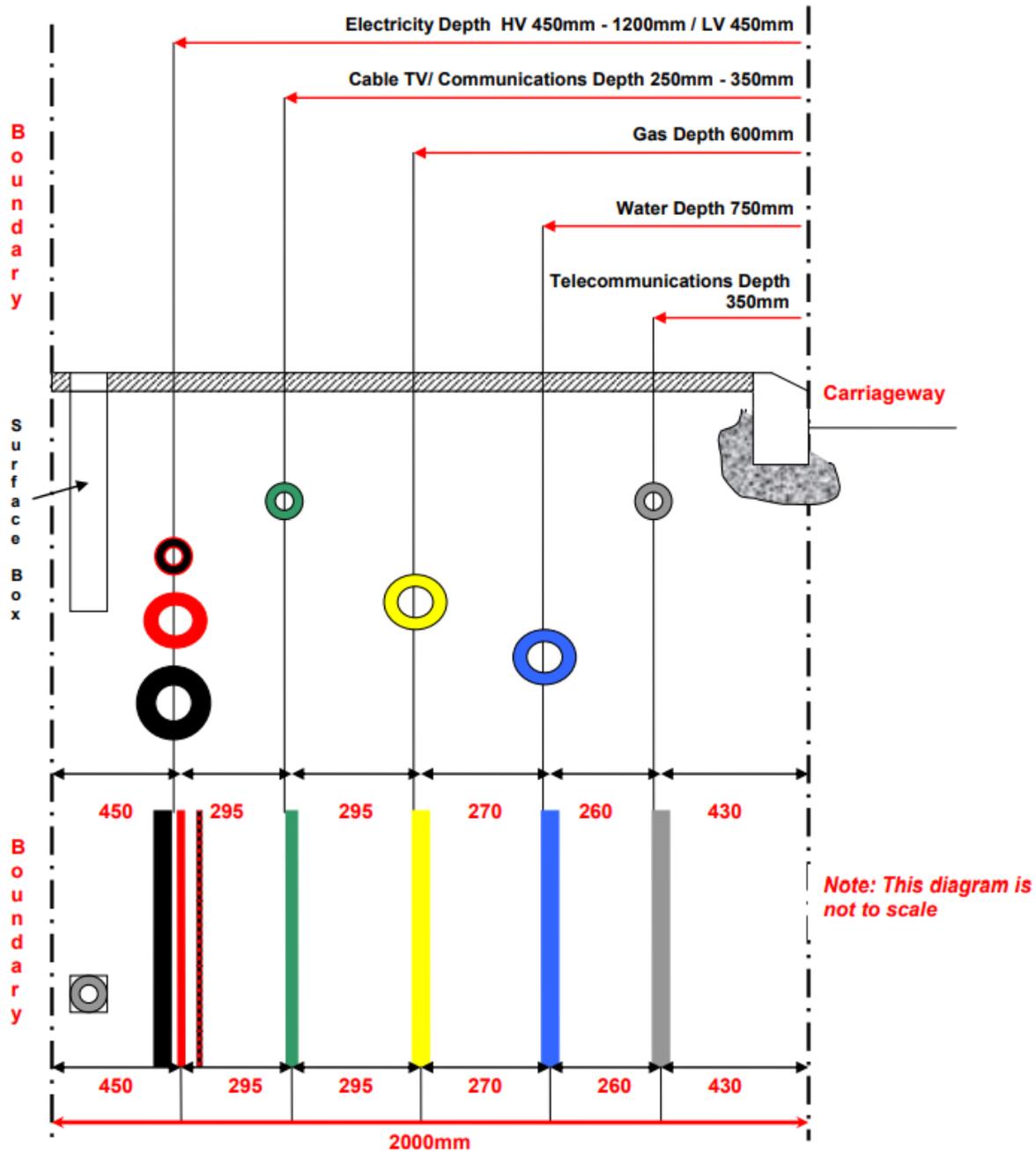
Historically, such deliverables were primarily handled by our construction partners. However, this showcases the evolution and adaptability of our teams. By investing in the development of our internal design team, we will offer more agile and responsive services, resulting in streamlined scheme management.

We will continue to assist in designing diversions of current operational assets to support other essential organisational goals. This collaborative effort will ensure that our resources are utilised effectively, contributing to the successful achievement of Affinity's wider strategic objectives.



We will also explore the opportunities of working in an open and collaborative delivery capacity with multi-utility digs. This approach is already proven to streamline the construction process, reduce the need for multiple excavations, minimise the overall impact on the environment and the community, and consistently deliver cheaper development job costs for the customer.

Where possible and appropriate, we will engage in joint planning, data sharing, and communication with other utility providers. This approach will ensure that projects run smoothly, ultimately reducing delays, and promoting collaborative and well-coordinated infrastructure development relationships.



Building on the progress initiated in the current period, we are committed to exploring and expanding our retail offerings for NAV customers. Our focus is to provide a comprehensive range of services tailored specifically to meet the unique needs of these customers.

Our retail offering portfolio will include various essential services such as billing, call centre support, and lab services for water sampling and analysis. By offering these services, we aim to simplify the process for NAVs and provide them with a seamless and hassle-free experience.

We understand the significance of simple and transparent pricing structures. As such, our goal is to develop an easy-to-understand service offering with a straightforward cost structure. This approach ensures that market entrants have the

opportunity to leverage our pre-existing supply chain and operational infrastructure. We will continue to encourage the development of the open market by supporting, where possible, their success and growth in the industry.

Water neutrality NAV sites in Action – Case Study

Water neutrality at NAV sites in action (Bidwell): Collaborating with NAVs to deliver water-neutral housing developments

Objectives

To understand the impact of a **behavioural change** campaign on the Bidwell estate overall consumption.

To make Bidwell **'water neutral'** which means Houghton Regis will not use more water than before the Bidwell homes were built. We will effectively wipe Bidwell's consumption off the water balance.

Average of **15 litres per person, per day** reduction by the end of the campaign and sustained for at least one year.

To **alter the behaviour** of the whole household through a (6 month) campaign.

To **offset 350,000 litres** per day.

Key Accomplishments

We launched the **Bidwell Water Savers campaign**, targeting 1000 properties and with 15% of households already signed up pledging one specific water saving change, following the successful launch event in April 2023.

In **five months, nearly 50 non-households** have been engaged with **approx. 150,000 litres per day** saved through offsetting which equals to **circa 55,000,000m³ per annum**.

Most NHH are **saving over 20%** of their water use, with one school **saving 46%**. We are trialling a socially focused approach working closely with schools and local authorities.

150k 
litres of water saved per day

