



WATER ACT 2003  
WATER SUPPLY LICENSING

## **Template for Access Codes**

September 2006

# **Water supply licensing: template for access codes**

## **A Introduction**

Since 1 December 2005, non-household customers have the option of switching from their existing water undertaker to a licensed water supplier. As a requirement of the new regime, all water undertakers have developed access codes, setting out their procedures for allowing these licensees access to their supply systems. Water undertakers published their indicative access prices on 31 August and their access codes on 15 September 2005 in preparation for the new regime. They must review their access codes each year by 15 October. Ofwat's guidance on access codes (latest version September 2006) sets out the statutory and non-statutory policies that water undertakers must follow.

In conjunction with the guidance on access codes, this template proposes a structure for setting out an access code. It was developed in 2005 and endorsed by the Water Supply Licensing (WSL) Technical Advisory Group, which comprised representatives from customers, potential licensees and water undertakers. A similar group, the WSL Operations Advisory Group has updated the template. Water undertakers must follow this template, as it will improve the clarity and consistency of individual codes throughout the industry.

This template should be read in conjunction with Ofwat's guidance on access codes and the full series of guidance, conditions and other information relating to WSL that is on Ofwat's website ([www.ofwat.gov.uk](http://www.ofwat.gov.uk)).

## **B The sections of the access code**

The areas that should be included in an access code are listed below with a brief description of the issues that should be covered under each heading. This is not an exhaustive list. If a water undertaker wants to include more details than are listed here, perhaps to reflect its individual circumstances, it can do so. If some details are not relevant to a water undertaker, then this should be noted in the water undertaker's access code. Some sections provide a standard form of words which can be adopted by undertakers. The relevant sections are:

- 1.2 Relevant framework documents
- 1.3 Role of key industry players
- 1.4 Definition of services
- 2.2 Confirming eligibility
- 3 Customer Transfer Protocol
- 10 Glossary.

## **1. Overview**

Each access code should have an overview which should include the following headings. It should also include up to date contact details for access enquiries, including an email address, telephone and fax number.

### **1.1 Role of the access code**

This section should clarify the relationship between the access code and the access agreement and define the mechanisms to develop or modify the code in the future. It should include the scope of the access code and the relevant key points or principles for each water undertaker.

### **1.2 Relevant framework documents**

To include links to:

#### **i) Primary and secondary legislation**

Water Industry Act 1991

[www.opsi.gov.uk/acts/acts2003/20030037.htm](http://www.opsi.gov.uk/acts/acts2003/20030037.htm)

The Water Supply (Exceptions from Supply System Prohibitions) Regulations 2005

<http://www.opsi.gov.uk/si/si2005/20053075.htm>

The Water Supply Licence (New Customer Exception) Regulations 2005

<http://www.opsi.gov.uk/si/si2005/20053076.htm>

The Water Supply Licence (Application) Regulations 2005

[www.opsi.gov.uk/si/si2005/20051638.htm](http://www.opsi.gov.uk/si/si2005/20051638.htm)

The Water Supply (Water Fittings) Regulations 1999

<http://www.opsi.gov.uk/si/si1999/19991148.htm>

Competition Act 1998

<http://www.opsi.gov.uk/ACTS/acts1998/19980041.htm>

#### **ii) Statutory and non-statutory guidance**

Guidance on Access Codes

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_access\\_code\\_guidance041105.pdf/\\$FILE/wsl\\_access\\_code\\_guidance041105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_access_code_guidance041105.pdf/$FILE/wsl_access_code_guidance041105.pdf)

Guidance on Eligibility

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_eligibility171105.pdf/\\$FILE/wsl\\_eligibility171105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_eligibility171105.pdf/$FILE/wsl_eligibility171105.pdf)

Guidance on Applying for a Water Supply Licence

[www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wslapplication\\_guidance0705.pdf/\\$FILE/wslapplication\\_guidance0705.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wslapplication_guidance0705.pdf/$FILE/wslapplication_guidance0705.pdf)

Customer Transfer Protocol

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_customer\\_transfer\\_protocol041105.pdf/\\$FILE/wsl\\_customer\\_transfer\\_protocol041105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_customer_transfer_protocol041105.pdf/$FILE/wsl_customer_transfer_protocol041105.pdf)

Guidance on Strategic Supplies

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_strategic\\_supplies\\_guidance.pdf/\\$FILE/wsl\\_strategic\\_supplies\\_guidance.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_strategic_supplies_guidance.pdf/$FILE/wsl_strategic_supplies_guidance.pdf)

Water Supply Licensing Determinations Procedure

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_determinations\\_procedure171105.pdf/\\$FILE/wsl\\_determinations\\_procedure171105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_determinations_procedure171105.pdf/$FILE/wsl_determinations_procedure171105.pdf)

Office of Fair Trading Competition Act 1998 Application in the water and sewerage sectors

<http://www.offt.gov.uk/NR/rdonlyres/09200BCA-FC1F-47C8-A188-CAA06773469C/0/oft422.pdf>

### **iii) Conditions of Appointment**

Company Instrument of Appointment

### **iv) Other relevant documents**

DWI Information Letter 13/04 Common Carriage: Guidance on the Drinking Water Quality Aspects

[www.dwi.gov.uk/regs/infolett/2004/info1304.shtm](http://www.dwi.gov.uk/regs/infolett/2004/info1304.shtm)

DWI Guidance on the Water supply (Water Quality) Regulations 2000

<http://www.dwi.gov.uk/regs/pdf/GuidanceMay05.pdf>

DWI Guidance on the Notification of Events

<http://www.dwi.gov.uk/regs/infolett/2004/info1204guidance.pdf>

DWI Guidance to the Water Undertakers (Information) Direction 2004

<http://www.dwi.gov.uk/regs/infolett/2005/info0705.shtm>

## **1.3 Role of key industry players**

### **1.3.1 Water undertaker**

[undertaker's name] is the appointed water undertaker covering [insert geographical area]. It is responsible for the public water supply network in this area. Chapter 2A WIA91 places duties and obligations on water undertakers subject to certain conditions. [undertaker's name] is obliged to provide the following services subject to the conditions detailed below:

**i) Primary undertaker**

**a) Wholesale water supply**

Where a licensee requests [undertaker's name] to provide a supply of water, under section 66A WIA91, and the premises are within [undertaker's name] area, [undertaker's name] has a duty to take steps necessary to enable provision of the supply, and having taken those steps to provide the supply.

The terms and conditions on which [undertaker's name] carries out these duties are agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle.

**b) Introduction of water into water undertaker's supply system**

Where a licensee requests [undertaker's name] permission to introduce water into its supply system, under section 66B WIA91, and in line with the requirements of the retail authorisation aspects of the combined license, [undertaker's name] has a duty to take steps to enable the licensee to make the introduction of water into the supply system and having taken such steps to permit the introduction of water into its supply system, as requested.

Where a combined licensee requests [undertaker's name] to permit the introduction of water, as supplied by a neighbouring secondary undertaker, into its supply system for the purposes of supplying its customers within [undertaker's name] area, [undertaker's name] has a duty to take steps to enable the licensee to make the introduction of the water into its system. This is in accordance with section 66C WIA91. These steps may include connecting [undertaker's name] supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, [undertaker's name] has a duty to permit the introduction of water into its supply system, as requested. Where appropriate, the licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access.

The terms and conditions on which [undertaker's name] carries out these duties are agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle.

**ii) Secondary undertaker**

Where a combined licensee requests [undertaker's name] to provide a supply of water to enable it to supply its customers' premises by using a neighbouring primary water undertaker's supply system, under section 66C and in accordance with its retail authorisation, [undertaker's name] has a duty to take steps to enable the provision of the supply, and having taken those steps to provide that supply.

The terms and conditions on which [undertaker's name] carries out these duties in its capacity as a primary or secondary undertaker are agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle. The introduction by a licensee into [undertaker's name] water supply system, of a supply obtained from a secondary undertaker involves two transactions, governed by separate agreements:

1. The secondary undertaker sells water to the licensee
2. The licensee introduces that water into the primary water undertaker's water supply system.

Where appropriate, the licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access.

Licensees shall identify and communicate at the earliest stages if a secondary undertaker is likely to be included within an application. This will enable potential secondary undertakers to consult at the earliest opportunity with relevant parties including the primary undertaker, the EA and the DWI, if necessary.

The secondary undertaker will need to understand the demand requirements of the licensee and an indication of the point to which connection to the primary undertaker's supply system is required. It will also need to discuss with the primary undertaker details of the transfer, including the design of pipework and any pumping arrangements that may be required, any water quality issues and whether any facilities need to be constructed.

If [undertaker's name] is identified as a secondary undertaker within an access application, [undertaker's name] expects to be involved as necessary in discussions with the licensee and the primary undertaker. [undertaker's name] expects to receive copies of relevant details during the initial and detailed application stages for comment and to be able to request further details as necessary.

### **iii) Conditions under which duties do not apply**

Section 66A WIA91 documents the circumstances under which the wholesale water supply duty by a primary undertaker does not apply.

The duty to provide a supply of water to a licensee, or to take steps to enable it to provide such a supply do not apply if both the first and second conditions below are satisfied, or if the third condition below is satisfied.

The first condition is that:

- the premises to be supplied by the licensee consist only of land, they do not include a building or part of a building; or
- the supply to be made by the licensee to the premises is for purposes other than domestic purposes.

The second condition is that the provision of the supply by [undertaker's name] would:

- require [undertaker's name] to incur unreasonable expenditure in carrying out works, in order to meet all its existing obligations to supply water for domestic or other purposes, together with its probable future obligations to supply water to buildings or parts of buildings for domestic purposes; or
- otherwise put at risk [undertaker's name] ability to meet any of those existing or probable obligations.

The third condition is that there is a contravention, as determined in regulations made under section 74 WIA91 and related to section 66A (6) WIA91, in relation to the water fittings used or to be used in connection with:

- the supply of water to the premises to be supplied by the licensee; or
- the use of water in those premises.

Under sections 66B and 66C WIA91, a primary undertaker has no duty to permit the introduction of water by a combined licensee into its supply system, and under section 66C WIA91 a secondary undertaker has no obligation to provide a wholesale supply of water, if either the first or second condition below is satisfied:

The first condition is that providing the supply or allowing the introduction of the water into the primary water undertakers supply system:

- would require [undertaker's name], in order to meet all its existing obligations to supply water for domestic or other purposes, together with its probable future obligations to supply buildings and parts of buildings with water for domestic purposes, to incur unreasonable expenditure in carrying out works; or
- would otherwise put at risk its ability to meet any of those existing or probable future obligations.

The second condition is that there is a contravention of the prescribed requirements of regulations made under section 74 WIA91 in relation to the water fittings used or to be used in connection with:

- the supply of water to the premises to be supplied by the licensee; or
- the use of water in those premises.

### **1.3.2 Licensee**

Licensees are the entrant suppliers under the WSL regime. Licensees are responsible for obtaining a licence appropriate to the activities to be undertaken and will have undergone an assessment of their financial and technical compliance by the appropriate regulatory bodies (Ofwat/DWI). Licensees must comply with the terms of their licence, relevant legislation and the contractual arrangements as set out in access agreements.

Section 66I WIA91 prohibits unauthorised use of a water undertaker's supply system for the purpose of supplying water to a customer's premises, unless done so by the water undertaker or by a licensee under the terms of its licence. Under section 66I (3) WIA91, unauthorised use for the purpose of supplying water to a customer's premises is a criminal offence. Licensees have a duty to assure themselves that the terms of their licence allow for the use of [Undertaker's name] supply system.

Section 66J WIA91 prohibits unauthorised introduction of water into a water undertaker's supply system. Introduction of water is only permitted by the primary water undertaker itself, or by a licensee under the terms of its licence, or by another water undertaker under an agreement for a bulk water supply. Under 66J WIA91, contravention of this prohibition is a criminal offence. Licensees have a duty to assure themselves that the terms of their licence allow for the introduction of water into [Undertaker's name] supply system.

Licensees share responsibility with [Undertaker's name] for compliance with the Water Quality Regulations for the water they input in the supply system and for the wholesale supply of water to the customer's tap.

Licensees have a duty to comply with the eligibility requirements as specified in section 17A (3) WIA91 relating to non-household premises, the threshold requirement, and supply by only one licensee.

### **1.3.3 Ofwat**

The Water Services Regulation Authority (Ofwat) is the economic regulator of the water industry in England and Wales.

The Water Industry Act 1991 introduces a new duty to "further the consumer objective". This is "to protect the interests of consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the provision of water and sewerage services."

Ofwat is required to publish guidance on the operation of the WSL regime.

Ofwat is responsible for granting water supply licences for wholesale and combined services. In doing so, Ofwat will assess whether the applicant has the appropriate skills and competencies required.

Ofwat also has powers to determine disputes about the eligibility of premises, the terms and conditions of proposed access agreements and the conditions for refusing supplies. Further information is available on Ofwat's website under Water Supply Licensing: [www.ofwat.gov.uk](http://www.ofwat.gov.uk)

#### **1.3.4 Drinking Water Inspectorate (DWI)**

DWI will need to be satisfied that the licensee is aware of, and understands, its regulatory duties and responsibilities in respect of drinking water quality at the initial licence application stage. Where a combined licensee intends to treat a source of water for potable supply, the treated water cannot be introduced into the public supply system until the DWI is satisfied that the treatment processes meet the relevant regulatory requirements and the works is being operated in a competent manner.

During access negotiations DWI will advise Ofwat *as necessary* on drinking water quality issues relating to the use of common carriage, particularly in respect of dispute resolution.

Overall, Licensees will be subject to the same level of regulation as Undertakers. Further information can be found in the Water Supply Licensing section of the DWI's website at [www.dwi.gov.uk](http://www.dwi.gov.uk).

#### **1.3.5 Environment Agency (EA)**

The Environment Agency has a duty to secure the proper use of water resources in England and Wales. They monitor water in the environment and issue 'abstraction licences' to regulate who can take water from the environment and how much they can take.

Water undertakers produce Drought Plans every 3 years, which identify how, during a period of drought, they will continue to meet their duties with as little recourse as possible to drought orders or drought permits. From October 2005 the production and publication of these plans became a legal requirement. The Environment Agency reviews these plans and advises the Government on their adequacy.

Water undertakers also produce Water Resources Management Plans every 5 years; which identify available resources, forecast demand and set out how future deficits may be addressed through either resource development or demand management options. The Environment Agency also reviews these plans and advises the Government on their adequacy. Whilst Water Resources

Management Plans are produced at the moment, their production and publication will become a statutory requirement in 2006.

There is a duty on water supply licensees to provide information to water undertakers for both Drought Plans and Water Resources Management Plans.

In most cases, combined water supply licence applicants will require a water abstraction licence from the Environment Agency to take water from surface water or groundwater. Every new proposal to abstract or impound water undergoes extensive scrutiny and investigation before a decision is made to grant or refuse an abstraction licence application. There is a need to ensure that water resources are safeguarded and that abstractions do not damage the environment.

Secondary supplies (under section 66C of the Water Industry Act 1991) are meant to encourage use of 'spare water', but the undertaker and the licensee may not be able to agree on how much water the undertaker has 'spare'. In the absence of agreement, Ofwat may be asked to determine whether a supply under 66C should be made, and if so the terms of that supply.

In these instances, the Environment Agency will also play a role in advising Ofwat on whether the criteria for rejecting a proposal for a secondary supply under sections 66C(5) or (6) of the Water Industry Act 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the Environment Agency's website.

<http://www.environment-agency.gov.uk/subjects/waterres/564321/?version=1&lang=e>

### **1.3.6 Department for the Environment, Food and Rural Affairs (DEFRA)**

DEFRA is the government department responsible for WSL legislation.

The Secretary of State has issued statutory instruments which govern the competition regime. The Secretary of State may issue further instruments in the future which may affect the regime. Where this is the case, [Undertaker's name] should revise this access code to reflect relevant changes.

Further information is available on DEFRA's website:

<http://www.defra.gov.uk/environment/water/index.htm>

### **1.4 Definition of services**

[Undertaker's name] will offer services to a licensee for the purposes of supplying water to the licensee's eligible customers, subject to terms and conditions agreed with the licensee in accordance with Ofwat's access code guidance and the costs

principle. These services are defined in terms of [undertaker's name] being either the primary undertaker (section 66A and 66B of the WIA91) or a secondary undertaker (section 66C of the WIA91).

#### **1.4.1 Primary water undertaker**

##### **i) Wholesale water supply**

[Undertaker's name] will take steps to enable the provision of the supply, and having taken those steps, provide the supply of water in accordance with section 66A of the WIA91 to the licensee for supply to the licensee's eligible customers.

##### **ii) Introduction of water into the supply system**

[Undertaker's name] will take steps to enable the licensee to make the introduction of water into the supply system, and having taken such steps permit the introduction of water into its supply system, in accordance with section 66B of the WIA91 for the purposes of supply to the licensee's eligible customers.

[Undertaker's name] will take steps, and having taken such steps, permit the introduction of water, as supplied by a secondary undertaker, into its supply system, in accordance with section 66C of the WIA91, for the purposes of supply to the licensee's eligible customers. In some circumstances, steps may include laying such pipes and constructing such other works as are necessary to connect the supply with the pipes in the area of the secondary undertaker.

#### **1.4.2 Secondary water undertaker**

[Undertaker's name] will make available a supply of water to a licensee, for supply to the licensee's eligible customers, within the area of appointment of another water undertaker in accordance with section 66C of the WIA91. [Undertaker's name] will lay such pipes and construct such other works as are necessary to connect the supply with the pipes in the area of the primary undertaker.

## **2. Application for access to the water undertaker's supply system**

This section of the code should include the following headings.

### **2.1 Process requirements**

#### **2.1.1 Confidentiality agreements**

This section should clarify the role of a confidentiality agreement and appropriate compliance arrangements. This section should also provide a standard confidentiality agreement.

### **2.1.2 Information requirements**

To include details of the information required at each stage to progress an application and the associated timescales.

### **2.1.3 Timescales**

This section should set out timescales for each of the key application stages.

### **2.1.4 Application fees**

To include information regarding fees for each key stage of the application process and identification of the degree of associated work involved. The section should address how fees will be raised and the terms on which these fees are payable.

It should clarify the position if applications are withdrawn during the process and how associated costs will be recovered.

### **2.1.5 Credit provisions and credit limits**

This section should provide details of any credit checking processes that a licensee will be subject to, on a non-discriminatory basis in relation to that of existing eligible customer groups.

## **2.2 Confirming eligibility**

Section 17A (3) WIA91 sets out the following three requirements that must be satisfied in relation to each of the premises supplied by a licensee:

- The customer's premises are not household premises;
- When the licensee first enters into an undertaking with a customer to give the supply, the total quantity of water estimated to be supplied to the premises annually by the licensee is not less than 50 megalitres (the 'threshold requirement'); and
- The premises are not being supplied by another licensee (but may be supplied by a licensee and one or more water undertakers).

Further information can be found in Ofwat's guidance on eligibility [http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_eligibility171105.pdf/\\$FILE/wsl\\_eligibility171105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_eligibility171105.pdf/$FILE/wsl_eligibility171105.pdf)

### **2.2.1 Responsibilities**

In all cases and for all aspects of eligibility, it is the licensee rather than the water undertaker which must ensure that the premises of a potential customer are eligible in accordance with Ofwat's guidance on eligibility.

Unless doing so in pursuance of its licence, it is a criminal offence for a licensee to use a water undertaker's supply system for the purpose of supplying water to any premises of a customer, or for a licensee to introduce water into a water undertaker's supply system. It is therefore a criminal offence for a licensee to breach any of the eligibility requirements set out above.

In addition, any licensee that contravenes these requirements could face enforcement action by Ofwat under section 18 WIA91 and may incur financial penalties under section 22A WIA91. Alternatively, a licensee could face revocation of its licence in accordance with the Standard Conditions of Water Supply Licences.

A set of premises may change in such a way as to require the threshold to be satisfied a further time. For example, a customer may sell part of its premises so that the original premises is split and is occupied by different customers. Regarding the threshold requirement, as long as the requirement is met at the time the licensee first enters into the undertaking to supply a set of premises, and those premises do not change, those premises can continue to be supplied by the same licensee for the duration of the undertaking even if consumption falls below the threshold.

A licensee should seek its own legal advice if it is unsure whether a customer's premises are eligible.

### **2.2.2 Boundary definition**

The WIA91 does not define 'premises' for the purpose of assessing eligibility. Premises can include buildings or land. Licensees can only supply customers at individual eligible premises. Each of the premises supplied must be eligible. Customers cannot aggregate consumption at more than one set of premises in order to achieve eligibility, although some groups of properties may constitute a single set of premises in certain circumstances.

There will be a single set of premises in the following circumstances:

- i. The premises are located within a single boundary and a single customer occupies the premise and is liable for water bills in respect of those premises (single boundary premises);

- ii. The premises consist of co-located buildings, other similar structures and/or land which have adjoining boundaries or which are separated only by transport infrastructure and a single customer occupies the premises and is liable for water bills in respect of those premises (common occupation co-located premises); or
- iii. The premises consist of a single building or co-located, separately occupied buildings, other similar structures and/or land with all four of the following characteristics:
  - They have a common landlord or managing agent in respect of the totality of the premises;
  - They have adjoining boundaries or are separated only by transport infrastructure;
  - They are served by a self-contained common water supply system that does not belong to a water undertaker; and
  - A single customer is liable for water bills in respect of the totality of the premises (common management co-located premises).

If premises meet the criteria in paragraphs ii and iii, the criterion in paragraph i cannot be applied to any part of the premises as a means of reducing the area in order to bring the reduced premises within the eligibility requirements.

### **2.2.3 Household / non-household premises**

Premises that satisfy the single set of premises eligibility requirement must also satisfy the requirements in section 17A (3) (a) WIA91 that the premises are not household premises.

Section 17C WIA91 defines household premises as those in which, or in any part of which, a person has his home. The fact that a person has his home in, or in part of, any premises does not mean that the premises are household premises unless the principal use of the premises is as a home. In its guidance on eligibility Ofwat sets out what it considers to be household and non-household premises for the purpose of the WSL regime.

### **2.2.4 Volume threshold**

The threshold requirement is that, at the time the licensee first enters into an undertaking with a customer to supply the premises, the total quantity of water estimated to be supplied annually to the premises by the licensee pursuant to the undertaking is not less than 50 megalitres. The threshold requirement relates to the amount of water that is supplied by the licensee using one or more water undertakers' supply systems. The amount of water that a customer receives by means of private supplies does not count towards assessing whether the threshold requirement is satisfied.

## **2.2.5 Supply arrangements for licensees**

Section 17A WIA91 prohibits the supply of an eligible premises by more than one licensee. However, a premises may be supplied by a single licensee and one or more undertakers.

## **2.2.6 Attachment to the supply system**

Customers can only be supplied by licensees if they are connected to the supply system. The supply system is defined in section 17B (5) WIA91. It can be summarised as any water mains and other pipes used for the purpose of conveying potable water from a water undertaker's treatment works to customer's premises and any water mains and other pipes used to convey non-potable water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works.

Section 17A (5) provides that the supplementary authorisation is an authorisation to the licensee to introduce water into a water undertaker's supply system, by means of which any particular retail supply of water is to take place. In its access code guidance, Ofwat interpret this to mean that a physical link is required between the combined licensee's introduction point and its customer's premises.

## **2.2.7 Customers in debt**

Outstanding debt is defined in Condition S and Standard Licence Condition 6 as charges in relation to water supplied to the premises of a customer, which have remained unpaid for 30 days or more after the date that the old supplier has served notice on the customer demanding payment.

If there is outstanding debt and arrangements are not in place for the repayment of any outstanding water debt, an objection to the customer transfer can be raised by the old supplier in accordance with the Customer Transfer Protocol. To allow the transfer to continue, it may be possible to allow the debt to be assigned to the new supplier. Such arrangements would need to be agreed between the new supplier, the customer and the old supplier.

Further information is available in Ofwat's CTP.

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_customer\\_transfer\\_protocol041105.pdf/\\$FILE/wsl\\_customer\\_transfer\\_protocol041105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_customer_transfer_protocol041105.pdf/$FILE/wsl_customer_transfer_protocol041105.pdf)

## **2.3 Application process**

### **2.3.1 Combined supply arrangements**

This section should include a process flowchart detailing each stage of the process. The section should also provide a detailed narrative of what each stage entails and should clarify the responsibilities of the water undertaker and

licensee, including information provision and communications, at the various stages.

- i) Stage 1: Initial contact
- ii) Stage 2: Initial application
- iii) Stage 3: Detailed application
- iv) Stage 4: Detailed contract negotiation

### **2.3.2 Wholesale supply arrangements**

To include a process flowchart detailing each stage of the process. The section should also provide a detailed narrative of what each stage entails and should clarify the responsibilities of the water undertaker and licensee, including information provision and communications, at the various stages.

- i) Wholesale master contract: agreement process
- ii) Data exchange to create contract schedules for wholesale applications, including the proforma developed by the industry.

### **2.3.3 Provision of information to the sewerage undertaker**

This section should identify the information required by the sewerage undertaker and the processes used to provide that information in a timely manner.

### **2.3.4 Objections and rejection process**

This section should clearly identify the circumstances that could result in an objection to, or a rejection of, an access application. The section should include details of the processes used, the associated timescales and where appropriate, how to take forward an application that has been rejected and objected to.

## **2.4 Access criteria**

### **2.4.1 Water quality input specification**

To include information on the quality of water a licensee will be expected to achieve in order to gain access to the supply system.

This should include guidance on the number and age of the sample set to be provided by the licensee.

The section should also include clarification of relevant laboratory accreditation and any pre-entry supply system modelling.

### **i) Quality parameters**

To include clarification of the Water Supply (Water Quality) Regulations 2000 (for England) and 2001 (for Wales) as they are applied to water supply systems, and identification of the suite of parameters included in those regulations.

- Aesthetic parameters
- Aluminium
- Biological parameters – algae/bacteria
- Biological parameters - micro-organisms
- Cryptosporidium
- Disinfection residuals
- Fluoridation
- General microbiological quality
- Hardness and carbonate stability
- Iron and manganese
- Lead
- Nitrates
- pH - acidity and alkalinity stability
- Pipework operating regime - stagnation
- Polyaromatic hydrocarbons (PAHs)
- Trihalomethanes (THMs) and chlorine
- Turbidity
- Sulphates
- Regulation 31 – application and introduction of substances and products
- Water discolouration
- Other parameters referred to in the quality regulations as defined above.

### **ii) Special circumstances relating to water quality standards**

To include clarification on the mechanisms to administer temporary derogations in the event of emergencies.

#### **2.4.2 Water flow and pressure**

To include information regarding the pressure management of the supply system and any access requirements resulting from the pressure regime in operation.

#### **2.4.3 Water quality sampling and monitoring**

To include clarification of the regulatory sampling regime that the water undertaker follows and any ongoing requirements of DWI. This section should also include reference to circumstances where a water undertaker can suspend inputs without notice and the supporting communication processes.

#### **2.4.4 Volume measurement**

To include clarification of the level, type, frequency and extent of metering required, at any given system entry point, based upon a risk assessment of the source.

### **3 Customer transfer protocol (CTP)**

For detailed information refer to the Ofwat Customer Transfer Protocol (CTP) available on Ofwat's website <http://www.ofwat.gov.uk>

#### **3.1 Principles**

Standard licence condition (SLC) 6 and condition of appointment S require licensees and water undertakers, respectively, to comply with Ofwat's CTP. Relevant sections of the Water Industry Act 1991 (as amended by the Water Act 2003), condition of appointment R and SLC 4 also place a duty on licensees and water undertakers to exchange certain information.

Ofwat has developed the CTP with the assistance of customer representatives, potential licensees and water undertakers. The CTP provides a clear, simple and standardised process for the timely and efficient transfer of customers between:

- (a) any water undertaker and any licensee; and
- (b) any two licensees.

#### **3.2 Rules of behaviour**

All licensees and water undertakers are required to comply with the rules of behaviour of the CTP, as specified in the CTP as issued by Ofwat and as amended from time to time.

#### **3.3 Data transfer**

The CTP specifies the data flows, the data items required within each data flow and the timescales that apply for transmission of those data flows. All licensees and water undertakers must comply with those requirements.

All licensees and water undertakers must give details of the name and contact details (which must include an e-mail address) of the person to whom licensees and water undertakers should send all CTP data flows in the data format prescribed by the CTP. For example:

Company details:

Contact name                    -----  
E-mail                            Tradingmanager@company.co.uk  
Telephone                        01-----

### **3.4 Registration and operational processes**

All water undertakers and licensees must follow the operational processes in the CTP for effective customer transfer and the resolution of disputes on transfer.

## **4 Control and balancing of supply system**

### **4.1 Supply system management**

#### **4.1.1 Unbilled water**

This section should define the processes to address the following issues.

##### **i) Leakage**

This section should address how water lost through leakage (loss of water from the supply network) will be accounted for.

##### **ii) Unauthorised use of water**

This section should address issues associated with illegal connections and theft.

##### **iii) Fire water**

The water undertaker is responsible for the provision of water for fire fighting purposes. Water undertakers will not charge licensees for water used for the purpose of fire fighting (including the testing of appliances).

Additional special requests for fire hydrants should be dealt with under section 58 of the Water Industry Act 1991 (WIA91). The cost of installation will be recoverable in accordance with section 147 of the WIA91.

#### **4.1.2 Drought and Water Resource Plans**

This section should provide details on the information required from licensees to prepare or to revise drought plans and water resource management plans and the associated timescales. This section should also address the risk assessment on the interruptibility of supplies to customers.

### **4.1.3 Telemetry requirements for supply system control**

This section should address telemetry requirements and system compatibility issues. The section should also address telemetry and communication issues associated with emergency procedures.

### **4.1.4 Secondary connections**

This section should address the issue of prevention of secondary connections after a licensee has been granted access to the supply system.

### **4.1.5 Supply system maps and plans**

This section should address the processes for sharing relevant maps and plans between the water undertaker and the licensee.

### **4.1.6 Point of entry controls and failure modes**

This section should address issues associated with the access to and adequacy of sampling points, interface control requirements and automatic shut down facilities of the plant.

## **4.2 Metering services**

To include clarification of the level, type, frequency and extent of metering required for each supply point. Higher risk supply points or vulnerable supply points, susceptible to fluctuations in supply and demand, may require more frequent monitoring.

### **4.2.1 Meter asset management**

This section should clarify responsibility for ownership and maintenance of input and output meters, and any certification processes operated.

#### **i) Metering solutions available**

This section should identify the metering technologies that the water undertaker has available.

#### **ii) Meter installation**

This section should identify the water undertaker's processes for undertaking meter installations and the associated costs.

### **iii) Meter maintenance**

This section should identify the water undertaker's processes for undertaking meter maintenance activities and the associated costs.

#### **4.2.2 Meter calibration and verification**

This section should identify the calibration and verification technologies available and the associated costs of using them.

#### **4.2.3 Meter reading and meter reading verification**

To include clarification of the duties and obligations on water undertakers and licensees with respect to meter reading, meter verification and subsequent communication of customer meter and supply system meter readings. This section should also address disputed meter readings and the provision of meter readings to sewerage undertakers for the purpose of billing for trade effluent and/or wastewater.

(Transfer of meter readings is covered under Part 3, CTP)

### **4.3 Supply system balancing**

#### **4.3.1 Strategic balancing**

To describe the degree of strategic balancing a water undertaker has in place to achieve optimum operation of the distribution supply system by efficient use of the pumping plant. The optimal scheduling of pumping and pressure optimisation on distribution supply systems may vary from zone to zone. The degree of strategic balancing necessary could have an impact on the operational issues.

#### **i) Annual supply planning**

To include details of the annual assessment of the available resources and the robustness of those resources throughout the year, with respect to reliability of yield, water quality and planned outages. The section should provide details on the information required from licensees in the annual supply planning process and assessment of available headroom.

#### **ii) Use of strategic supplies**

To include clarification of how the definition of strategic supply, and the associated designation and de-designation processes, will be applied as specified in Ofwat's guidance on strategic supplies.

### **iii) Back-up supplies**

This section should clarify whether back-up supplies are available to licensees, and if so the basis on which the costs are recovered.

The section should also explain the impact this provision could have when it is applied.

### **iv) Interim duty to supply**

This section should provide details on the water undertaker's interim duty to supply customers for domestic and non-domestic purposes.

### **v) Interruptible customers and interruptions to supply**

This section should provide information on the terms of interruptible tariff options available and any associated costs.

## **4.3.2 Flow balancing and reconciliation processes**

### **i) Supply system usage forecasts for wholesale supplies**

To include details of the processes to be used in forecasting supply system demands and determining actual usage.

- Water undertaker's potable supply system

To include details of the information required from the licensee on its customers' forecasted annual demand and any supplementary information, such as seasonal and diurnal variations, as applicable.

- Water undertaker's non-potable supply system (where applicable)

To include details of the information required from the licensee on its customers' forecasted annual demand and any supplementary information, such as seasonal and diurnal variations, as applicable.

### **ii) Supply system usage forecast for combined supplies**

- Water undertaker's potable supply system

To include details of the information required from the licensee on its customers' forecasted annual demand and any supplementary information, such as seasonal and diurnal variations, as applicable.

- Water undertaker's non-potable supply system (where applicable)

To include details of the information required from the licensee on its customers' forecasted annual demand and any supplementary information, such as seasonal and diurnal variations, as applicable.

### **iii) Imbalance accounting and reconciliation**

To include details of how material variations in actual usage against that forecasted are dealt with for both wholesale and combined supplies.

To include details of the processes to assess the imbalance between the following potential scenarios:

- Licensee forecast input and customer forecast usage;
- Licensee forecast input and actual input;
- Licensee actual input and customer actual usage;
- Customer forecast usage and actual usage.

To include details of the processes that will be used to reconcile consumption, including details of the basis of any imbalance charges or reimbursements, and clarify the time period over which the consumption will be reconciled.

### **iv) Peak season and off-peak reconciliation (where applicable)**

Where water undertakers operate their supply systems in a seasonal manner, this section should provide information on the dates of the peak and off-peak seasons, the processes included and any associated costs.

## **5 Supply system maintenance and Emergency Procedures**

### **5.1 Diagnosis of system issues**

#### **5.1.1 Obligations with respect to diagnosis of supply system problems**

To include a definition of the duties and obligations on water undertakers and licensees (retail only and combined licence holders) with respect to early diagnosis of supply system problems.

- i) Responsibility of water undertaker
- ii) Responsibility of licensee

### **5.1.2 Quality Issues**

This section should provide details of the required processes to exchange information, in a timely manner, regarding quality issues that could impact upon the system.

### **5.1.3 Hydraulic issues**

To include details of the processes required for the timely exchange of information relating to hydraulic issues in order to complete level of service returns.

### **5.1.4 'Real' time information capture systems**

This section should detail the processes for exchanging and capturing information and should specify 'real' time targets. The section should also address standardisation of the format in which the information is to be exchanged.

### **5.1.5 Reporting procedures**

To include details of the points of contact for both water undertaker and licensee customers, procedures for the reporting and recording of emergencies and supply system problems, procedures for communicating information between all parties, and details of any systems used in interpretation and interrogation of information to achieve problem resolution.

## **5.2 Planned system maintenance**

To include information on the maintenance of the supply system and any sub-categorisation of the maintenance based on type or duration, that is long-term or short-term planned maintenance.

### **5.2.1 Obligations with respect to planned maintenance**

To include definition of the duties and obligations on water undertakers and licensees (retail only and combined licence holders) with respect to planned system maintenance (both short and long term where applicable).

- i) Responsibility of water undertaker
- ii) Responsibility of licensee

### **5.2.2 Specification of assets**

To include a reference to the scope of the assets included in the planned maintenance schedules.

### **5.2.3 Maintenance standards**

To include any details of the maintenance standards that a water undertaker adheres to, including DG levels of service and Guaranteed Standards Scheme (GSS).

### **5.2.4 Risk assessment processes**

Where risk assessment processes are undertaken by the water undertaker prior to the start of any planned maintenance work, the section should also include details of any information required from the licensee and how and when the information will be requested.

The section should also include details of the consequence of not complying with reasonable requests by the water undertaker for information.

## **5.3 Unplanned system maintenance**

To include information on the unplanned or emergency maintenance of the supply system.

### **5.3.1 Obligations with respect to unplanned maintenance**

To include definition of the duties and obligations on licensees (retail only and combined licence holders) with respect to unplanned or emergency system maintenance.

- i) Responsibility of water undertaker
- ii) Responsibility of licensee

### **5.3.2 Risk assessment processes**

Where risk assessment processes are undertaken by the water undertaker prior to the start of any planned maintenance work, the section should also include details of any information required from the licensee and how and when the information will be requested.

The section should also include details of the consequence of not complying with reasonable requests by the water undertaker for information.

### **5.3.3 Emergency notices**

To include details of who will have responsibility for applying for emergency notices, and how and when they will be issued.

## **5.4 Safety aspects of unplanned and emergency work**

### **5.4.1 Status classification**

To include definition of the status of events.

### **5.4.2 Standard emergency reporting procedures**

To include details of the water undertaker's standard emergency reporting procedures, and provide sufficient information as to the duties and obligations placed upon the water undertaker and licensees.

### **5.4.3 Major emergency reporting procedures**

To include details of the water undertaker major emergency reporting procedures (and definition of when and how they are evoked). This section should also provide sufficient information as to the duties and obligations placed upon the water undertaker and licensees.

## **5.5 Emergency procedures for dealing with specific events, issues and incidents**

To include any specific procedures a water undertaker may adopt in dealing with specific events, issues and incidents. The section should also provide sufficient information as to the duties and obligations placed upon the water undertaker and licensees.

## **5.6 Customer protection**

### **5.6.1 Special Consumers**

To include a common definition of customers with particular needs and priority premises and provide information as to the duties and obligations placed upon the water undertaker and licensees in respect of supplies to these customers.

### **5.6.2 Large scale customer warning procedures**

To include procedures for undertaking large scale customer warnings on behalf of all supply system users in the event that a large geographic area or large number of properties are affected.

The section should also include definition of the duties and obligations placed upon the water undertaker and licensees.

### **5.6.3 Emergency compensation payments**

Customers of licensees do not have the benefit of the GSS. To include details of how licensees will be compensated as a result of the water undertaker's inability to perform satisfactorily, in line with the terms of the access agreement.

Any compensation payments will be paid to the licensee(s) who may pass them on to the customers as appropriate.

### **5.6.4 Emergency operational planning exercises**

To include details of any regular testing of water undertaker's and licensee's procedures, or assessment of their ability to respond to emergency situations through a series of simulated operational exercises.

## **5.7 Support processes**

### **5.7.1 Arrangements for press liaisons**

This section should provide information on the procedures for contacting the media in the event of an emergency.

### **5.7.2 Arrangements for the dissemination of severe weather warnings**

To include details of how severe weather warnings will be communicated between the water undertaker and licensee.

### **5.7.3 Emergency contacts**

To include definition of the duties and obligations on water undertakers and licensees (retail only and combined licence holders) with respect to providing emergency points of contact and subsequent communications.

i) Responsibility of water undertakers

ii) Responsibility of licensees

## **5.8 Reportable situations**

This section should provide information on situations or events that are reportable to external bodies such as DWI and the Health and Safety Executive and environmental health organisations.

## **6 Customer contact arrangements**

### **6.1 Customer contact arrangements for operational queries and complaints**

This section should address the following customer contact issues. Each section should address the responsibilities on water undertakers and licensees (retail and combined licence holders) with respect to the specific customer contact activity.

#### **6.1.1 Customer meter reading**

#### **6.1.2 Billing and debt collection**

#### **6.1.3 Operational Issues**

i) Water supply queries

ii) Sewerage queries

#### **6.1.4 Complaint handling processes**

#### **6.1.5 Obligations on water undertaker**

This section should address the issue of investigating supply system problems, at the request of the licensee, and how the results of any investigation will be communicated to the licensee or its customers.

#### **6.1.6 Obligations on licensees**

This section should address the provision of relevant contact details and customer support arrangements, including systems to record information arising from customer contact details and to identify reportable issues.

This section should also address how the licensee should provide the water undertaker with timely information so that the water undertaker can perform its duties and responsibilities.

#### **6.1.7 Disconnection**

This section should outline the circumstances in which disconnection can occur.

### **6.2 Customer contact arrangements for emergencies and events**

Customer protection issues are also considered under section 5, Maintenance and Emergency Procedures.

### **6.2.1 Special Consumers**

To include a common definition of customers with particular needs and priority premises and provide information as the duties and obligations placed upon the water undertaker and licensees in respect of these customers.

### **6.2.2 Large scale customer warning procedures**

To include procedures for undertaking large scale customer warnings on behalf of all supply system users in the event that a large geographic area and/or large number of properties are affected. The section should also include definition of the duties and obligations placed upon the water undertaker and licensees.

### **6.2.3 Obligations on water undertakers**

To include identification of the systems and processes that a water undertaker has in place to identify designated customers with particular needs and to inform licensees of those customers affected.

The section should also include reference to any systems or processes that a water undertaker may evoke that could impact upon a licensee's customer i.e. large scale warnings and how they will be communicated. The water undertaker should also clarify the systems in place to identify, and handle accordingly, contact from a licensee's customer.

The section should clarify the processes for regularly testing all systems and processes.

### **6.2.4 Obligations on licensees**

This section should address the provision of relevant emergency contact details and customer support arrangements, including identification and detailing of all designated customers with particular needs and for maintaining the accuracy of this information. The section should also address the provision of information, by the licensee, to its customers regarding the water undertaker's large scale emergency procedures.

This section should also address the timely provision of accurate information to the water undertaker so that the water undertaker can perform its duties and responsibilities.

The section should clarify the processes for regularly testing all systems and processes.

## **7 Supply system connections**

This section should include links to information on connection fees.

### **7.1 Connection of licensee's source to supply system**

To include provision of information on the processes for connecting a licensee's source to the supply system.

### **7.2 Connection of qualifying premises to the supply system**

To include provision of information on the processes for connecting a qualifying premise to the supply system. The section should also include provision of information to the sewerage undertaker where applicable.

### **7.3 Connection of secondary water undertaker's supply system to the primary water undertaker's supply system**

To include provision of information on the processes for connecting a secondary water undertaker's supply system to the primary water undertaker's supply system.

## **8 Legal contract, arbitration and disputes resolution**

### **8.1 Contract terms**

To include definition of the heads of terms of the contract.

#### **8.1.1 Contents**

This section is envisaged to contain the headings listed below. Please note, the section does not need to be restricted to these headings. Water undertakers can use other headings, to reflect their individual circumstances.

- i) Recitals
- ii) Definitions
- iii) Conditions precedent
- iv) Permission to access the supply system in relation to the contract in question
- v) Acceptance of access code
- vi) Modifications
- vii) Ownership of supply system and vesting
- viii) Material change
- ix) Liability
- x) Force majeure
- xi) Exclusions
- xii) Indemnity

- xiii) Duration
- xiv) Termination
- xv) Emergency suspension
- xvi) Back-up supplies
- xvii) Payment
- xviii) Dispute resolution
- xix) Notices
- xx) Assignment and alienation
- xxi) Variations
- xxii) Waiver
- xxiii) Severability
- xxiv) Entire agreement
- xxv) Jurisdiction
- xxvi) Confidentiality
- xxvii) Insurance
- xxviii) Third party rights
- xxix) Compensation
- xxx) Provision of bonds and guarantees on a non-discriminatory basis

## **8.2 Arbitration and disputes resolution processes**

This section should provide details of how disputes will be handled in the event that the parties are unable to reach agreement. It should include a link to Ofwat's Licensing Determinations Procedure.

### **8.2.1 Negotiation**

### **8.2.2 Conciliation**

### **8.2.3 Mediation**

### **8.2.4 Arbitration**

## **9 Access Pricing**

### **9.1 Indicative access prices**

To include details of the indicative access prices in each water resource zone. This section should make reference to WSL 08/06.

### **9.2 Case specific access prices**

To include an explanation of how the case specific prices will be calculated, including the need for transparency and non-discrimination with respect to water resource positions and pricing. Access prices must comply with Ofwat's guidance on access codes.

## 10 Glossary of defined terms

**Access:** The wholesale supply of water by a water undertaker to a licensee for the purpose of making a retail supply of water to the premises of the licensee's customer; and the introduction of water by the licensee into a water undertaker's supply system for that purpose (common carriage).

**Access agreement:** An agreement between a water undertaker and a licensee for access by a licensee to a water undertaker's supply system pursuant to the Retail Authorisation and/or Supplementary Authorisation.

**Access code:** A water undertaker's document that sets out all principal aspects of access to its supply system and the terms and conditions on which it will grant access to its supply system by a licensee. The access code comprises the standard terms and conditions common to all water undertakers and the terms and conditions specific to that water undertaker.

**Access terms:** The terms under which a water undertaker and a licensee agree access to a water undertaker's supply system.

**Adjoining supply system:** Supply systems of other water undertakers with direct physical connections to the water undertaker's own supply system.

**ARROW costs:** Expenses that can be Avoided or Reduced, or any amount that is Recoverable in some Other Way (other than from other customers of the water undertaker) (see section 66E(3) WIA91).

**Back-syphonage:** Unwanted syphoning of water into the supply system.

**Back-up supplies:** These are supplies that can be called into operation in the event of failure of the 'duty' supply.

**Boil notices:** A notice issued by the undertaker as a warning that water should be boiled before drinking as a precautionary measure.

**Borehole:** A hole for abstracting groundwater constructed by boring.

**Chemical parameters:** Limits for the level of chemicals found in water. Examples are iron, chlorine, sulphates, pesticides, ammonium compounds.

**Chlorination:** The use of chlorine to disinfect water.

**Coliform bacteria:** A group of bacteria found in the intestine and faeces of most animals. Coliforms can sometimes be found in untreated water. The treatment process removes them and disinfection prevents their reappearance in the distribution system.

**Combined Licence:** A Retail Licence with the Supplementary Authorisation, authorising the holder to introduce water into a water undertaker's supply system and to retail that water to a customer's eligible premises (section 17A(6) WIA91).

**Combined supply:** A supply made pursuant to a combined licence.

**Compensation water:** Water released to the environment to offset impacts of abstraction or to comply with Appointment Conditions (or both).

**Costs principle:** As defined in section 66E of the WIA91.

**Cryptosporidium:** A waterborne micro-organism, single celled protozoan parasite, which causes disease and illness.

**Deployable output:** The output of a commissioned water supply source, group of sources or bulk supply under worst historic drought conditions as constrained by: abstraction license, if applicable; environment; treatment; raw water mains and/or aquifers; pumping plant and/or well/aquifer properties; transfer and/or output main; water quality.

**Disinfection:** The process of treating water in order to kill harmful organisms.

**Diurnal variations:** Variations occurring within a daily (24 hrs) cycle.

**Drought:** A prolonged period of dry weather that reduces rivers flows, reservoir inflows or groundwater levels to unusually low levels.

**E.Coli:** A bacterium taken as an indicator of faecal contamination.

**Eligible premises:** Premises that satisfy the eligibility requirements in section 17A(3) WIA91. Each of the following three requirements must be satisfied in relation to each of the premises in order for a customer's premises to be eligible:

\_ The customer's premises must not be "household premises" (as defined in section 17C WIA91).

\_ When the licensee first enters into an undertaking with a customer to give the supply, the total quantity of water estimated to be supplied to the premises annually by the licensee must be not less than 50 megalitres (the "threshold requirement", section 17D WIA91).

\_ The premises may only be supplied by one licensee (but may also be supplied by one or more water undertakers).

**Fit and proper person:** For the purpose of making an access agreement, a person or party will not be deemed fit and proper if there are any relevant convictions, concerns over technical ability, insufficient financial resources available.

**Fluoridation:** Application of fluoride to drinking water at the request of Strategic Health Authorities as a preventative measure against dental decay.

**Groundwater:** For the purposes of an access agreement groundwater is defined as water abstracted directly from an aquifer by means of a well, borehole or spring.

**Guaranteed Standards Scheme (GSS):** A scheme that lays down the minimum guaranteed standards of service that water companies have to deliver. Water companies have to pay compensation to customers if they fail to meet these standards.

**Hardness:** Characteristics of waters containing dissolved calcium and magnesium salts.

**HSE:** Health and Safety Executive a government agency responsible for administering all regulations pertaining to health and safety and public security.

**Instrument of Appointment:** The water (and sewerage) companies operate under Instruments of Appointment, granted by the then Secretaries of State for the Environment and for Wales, or by the Director, to provide water and sewerage services in England and Wales. The Instrument of Appointment imposes conditions on the companies, which the Director is required to enforce.

**Interruptible supply points:** These are supply points where a continuous water supply is not necessary.

**Leakage:** the loss of water from the supply network which escapes other than through a controlled action.

**Licensee:** A company holding either a retail licence or a combined licence.

**Major Emergency Procedures:** The Major Emergency Procedures are evoked when the situation or the number of people affected is in excess of those which can be dealt with by the Standard Emergency Procedures.

**Mandatory parameters:** Levels of chemical or biological indicators that must be measured by law. Examples for drinking water are E coli, nitrates, chlorides.

**Microbiological parameters:** Levels of bacteria for example E coli, coliforms, enterococci, whose presence indicate that the water may be polluted and therefore should not be used as drinking water.

**Non-potable water:** Water which is not intended for domestic or food production purposes.

**Outage:** A temporary loss of unusable water output due to planned or unplanned events.

**Pathogen:** An organism which is capable of producing disease.

**Point of entry:** The point at which treated water enters the supply system as defined by the isolation valve provided by the primary undertaker.

**Point of exit:** The point at which treated water leaves the supply system. In general this will be either to specific premises or to the supply system of an adjoining water company.

**Potable:** Water for domestic and food production purposes which is wholesome at the time of supply. This is defined in section 68 of the WIA91 and section 4 of the Water Supply (Water Quality) Regulations.

**Primary water undertaker:** For the purposes of section 66A WIA91 (wholesale water supply by primary water undertaker) and section 66C WIA91 (wholesale water supply by secondary water undertaker), a water undertaker is the primary water undertaker if the undertaker's supply system is to be used for the purposes of making the supply to the premises of the licensee's customer.

**Priority supply points:** Supply points as specified by Defra.

**Rechlorination:** Usually applied to injection of chlorine to drinking water in the distribution system after it has left the treatment works. Often used to boost chlorine levels at a service reservoir.

**Reconciliation process:** The balancing of actual demand against actual water supplied into the supply system and the associated financial implications.

**Regulatory Compliance Sampling Programme:** This is the annual programme of drinking water sampling which the Water Companies must undertake to comply with the requirements of the Water Supply (Water Quality) Regulations 2000 (for England) and 2001 (for Wales) and subsequent amendments.

**Retail authorisation:** An authorisation to a company to use a water undertaker's supply system for the purpose of supplying water to the eligible premises of customers of the company (section 17A(2) of the WIA91).

**Retail Licence:** A Water Supply Licence giving the holder the Retail Authorisation, entitling the holder to purchase wholesale a supply of water from the water undertaker and to supply it retail to a customer's eligible premises (section 17A(4) of the WIA91).

**Secondary water undertaker:** A water undertaker other than the relevant primary water undertaker (section 66C(1)(a)(I) WIA91).

**Security of supply:** The extent to which water supplies to customers are reliable and not subject to possible restrictions because of a lack of rainfall over a period of time.

**Service reservoirs:** Any reservoir, statutory or otherwise, which is used to store treated drinking water.

**Sewerage undertaker:** A company appointed under the WIA91 to provide sewerage services in respect of a geographical area of England and Wales.

Special Consumers: As defined in condition of appointment R section (8)(6) and Standard Licence Condition 5.

**Standard Emergency Procedure:** These are a set of procedures for dealing with an emergency. The full or partial implementation of the procedures is dependant on the degree of seriousness of the emergency.

**Supplementary Authorisation:** An authorisation to a company to introduce water into a water undertaker's supply system for the purpose of making a retail supply of water to a customer.

**Supply system:** Any water mains and other pipes used for the purposes of conveying water from a water undertaker's treatment works to customer's premises and any water mains and other pipes used to convey non-domestic water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works. This term is defined in section 17B(5) of the WIA91.

**Supply system balancing:** The process of matching the 'water in' against the 'water out' from the supply system.

**Telemetry:** The technology for automatically measuring and transmitting data by radio or other means from remote sources to receiving stations.

**Treated water:** Water of a suitable quality for input to the treated water distribution system and that which results in satisfactory DWI compliance at the customer's tap.

**Treated water quality monitoring:** Regular sampling and analysis of untreated and treated water. Examples include daily measurement of free chlorine at treatment works or annual sampling for mercury at customers' taps.

**Treatment works:** Works where raw water from rivers or reservoirs is treated to produce drinking water. Treatment typically includes coagulation, filtration and disinfection.

**Trihalomethanes:** A group of chemicals produced by the reaction of chlorine with natural organic chemicals present in the raw water.

**Turbidity:** A measure of the optical clarity of water.

**UKWIR:** UK Water Industry Research Limited.

**Ultra-violet disinfection:** Inactivation of microbiological organisms by ultraviolet radiation.

**Untreated water:** Raw water not of a suitable quality to enter the supply system.

**Water Fittings Regulations:** The Water Supply (Water Fittings) Regulations 1999. These Regulations replaced the Water Bylaws in England and Wales and are largely enforced by the water undertakers.

**Water resources management plan:** A water undertaker's long term strategic plan for water resource development in its area (see section 37A WIA91).

**Water Supply Licence:** A licence granted to a company giving it the Retail Authorisation, or both the Retail Authorisation and the Supplementary Authorisation.

**Water Supply (Water Quality) Regulations:** The Water Supply (Water Quality) Regulations, SI 2000 No 3184, amended by SI 2001 No 2885, which apply to water undertakers whose area of supply is wholly or mainly in England; The Water Supply (Water Quality) Regulations 2001, SI 2001 No 3911, which apply to water undertakers whose area of supply is wholly or mainly in Wales. These Regulations specify the standards used to define wholesomeness of drinking water, the level of monitoring required, treatment requirements, reporting requirements and also specify the requirements for using approved substances and products. The DWI enforces these Regulations.

**Water undertaker:** A company appointed under the WIA91 to provide water services to a defined geographic area and which owns the supply system and other infrastructure.

**Wholesale supplies:** Supply of water to a licensee by a water undertaker for the purposes of retail by the licensee to its customer's premises.