



WATER ACT 2003
WATER SUPPLY LICENSING

**Procedure for handling water
supply licensing determinations**

November 2005

Procedure for handling water supply licensing determinations

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1. Overview

From 1 December 2005, non-household customers who are likely to be supplied with at least 50 megalitres (MI)¹ of water per year at eligible premises will be able to choose whether to purchase water from their existing water undertaker² or from a licensed water supplier (licensee).

Any company that wants to become a licensee will need to obtain a Water Supply Licence from us. Prospective licensees can apply for either of the following:

- A **'retail licence'** – a Water Supply Licence that authorises the holder to use a water undertaker's supply system for the purpose of supplying water to the premises of its customers (the 'retail authorisation'). A retail licence therefore permits the supplier to purchase a wholesale supply of water from a water undertaker and to retail it to customers at eligible premises³.
- A **'combined licence'** – a Water Supply Licence that gives the holder the 'supplementary authorisation' in addition to the retail authorisation. The supplementary authorisation allows the holder to introduce water into a water undertaker's supply system by means of which any particular supply of water to the premises under the licensee's retail authorisation is to take place⁴.

We will have powers to make determinations about some aspects of the new supply arrangements. This document explains these powers and sets out our process for this, for example when we will consult the Drinking Water Inspectorate (DWI). It includes our proposed timescales for carrying out investigations into water supply licensing disputes.

This procedure should be read in conjunction with the series of WSL guidance documents, conditions of appointment and any other information relating to water supply licensing that is on our website at www.ofwat.gov.uk. This paper also explains what action we can take in relation to water supply arrangements if we cannot make a determination.

We will review the procedures described in this document regularly. If there are major policy issues that need to be communicated to the industry we may revise the guidance or we may publish updates in water supply licensing (WSL) letters.

This document is not a substitute for the Water Industry Act (WIA91)⁵ or the regulations and orders made under it. It should be read in conjunction with

¹ This is 50 million litres or 50,000 cubic metres.

² The term 'water undertaker' means a company appointed under the Water Industry Act 1991 (WIA91) to provide water services to a defined geographic area.

³ See sections 17A(1), (2) and (4) WIA91.

⁴ See sections 17A(5) and (6) WIA91.

⁵ In this document, WIA91 refers to WIA91 as amended by the Water Act 2003 once the relevant provisions have been brought into force.

those legal instruments and England and Wales case law. Anyone in doubt about how they may be affected by the WIA91 should seek legal advice.

1.1 Contact details

If you have any WSL queries or disputes or you have any comments on this document then please contact:

Sarah Thomas
Competition Policy Team
Office of Water Services
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Or by e-mail to: sarah.thomas@ofwat.gsi.gov.uk.

2. Our powers to determine queries and disputes

We have powers to handle queries and disputes and make determinations in the areas set out below. We have used the term ‘disputes’ to mean a situation where two parties have not reached agreement about an issue. In some circumstances the parties involved may decide to resolve their disputes informally without proceeding to a full determination.

The term ‘query’ refers to questions that are raised with us. We expect to receive queries on issues such as points of procedure or clarification of our guidance. The procedure for answering these will depend on the nature of the query and may be much shorter than the procedure for making determinations. As the process could vary widely, we have not covered it in this document.

We have the powers to make determinations of queries on eligibility and we will consider doing so when we have to establish precedent or policy. If so, we will follow the procedures set out in chapter 3. In each case, we will inform the party referring the issue to us when this happens.

2.1 Eligibility

If a licensee or a potential customer of a licensee has a query or disagreement about whether the eligibility requirements are satisfied in respect of a proposed supply arrangement, they can refer the matter to us to consider and, if necessary, determine⁶. The WIA91 does not provide for water undertakers to refer disagreements to us, as it is the licensee who is responsible for ensuring that it supplies only eligible premises. However, once a supply arrangement is in operation there is nothing to prevent an undertaker making representations to us and seeking our intervention under section 18 WIA91 if the undertaker considers there to be a breach of the eligibility requirements (see chapter 5 of this procedure).

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 eligible⁷ to be supplied by a licensee.

- The customer’s premises are not household premises⁸.
- 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 be less than 50 MI (‘the threshold requirement’⁹).
- The premises are not being supplied by another licensee (but may be supplied by a licensee and one or more water undertakers).

⁶ See sections 17E(1), 17E(2) WIA91.

⁷ See section 17A(3) WIA91.

⁸ The meaning of household premises is set out in section 17C WIA91.

⁹ See section 17D WIA91.

In all cases and for all aspects of eligibility, it is the licensee rather than the water undertaker that must ensure that the premises of a potential customer are eligible in accordance with our guidance on eligibility. This sets out the issues that will be considered when assessing the eligibility of a customer's premises. The access code guidance explains how water and sewerage undertakers and other relevant parties will be able to object to licensees transferring customers on grounds of eligibility during the application process.

We may determine whether a proposed supply of water by the licensee to the customer would be in accordance with the licensee's retail authorisation. The matters that we may determine include the following¹⁰.

- The extent of the premises to be supplied for the purposes of section 17A(3) WIA91;
- Whether the premises to be supplied are household premises;
- Whether the threshold requirement is satisfied in relation to the premises to be supplied; and
- Other issues relevant to those matters (such as the extent of the supply system).

Our intention is that licensees and potential customers should not use the determination route as an alternative to following our guidance on eligibility. We will be minded to reject any request for a determination if we are not satisfied that the person or persons making the request have tried to follow our guidance on eligibility. We therefore expect a request for a determination to be for one or both of the following reasons.

- Our guidance on eligibility does not cover factors specific to the case; or
- The interested parties have followed our guidance on eligibility but cannot decide on how to apply it.

2.1.1 Exceptions for existing customers

One of the eligibility requirements under WIA91 is that the total quantity of water that is likely to be supplied to the premises by the licensee must be not less than 50 MI per year (the 'threshold requirement'). The threshold requirement must be satisfied at the time when the licensee first enters into an undertaking with a customer to give a supply of water.

The New Customer Exception Regulations¹¹ set out the circumstances in which the licensee will not be regarded as entering into an undertaking with a new customer and so the eligibility threshold will not have to be reassessed. It also ensures that the customer will not be penalised for any improvements in the efficient use of the water, or other changes in demand for water, that have resulted in a drop in consumption below the 50MI threshold¹².

¹⁰ Section 17E(2) WIA91.

¹¹ Water Supply Licence (New Customer Exception) Regulations 2005 (SI 2005/3076).

¹² For further information, please see our eligibility guidance.

Under regulation 5(1) of the New Customer Exception Regulations, we may determine, in a case referred to us by a licensee or an actual or potential customer of a licensee, whether that licensee is not to be treated as entering into an undertaking with a new customer in relation to the supply or proposed supply of water to the premises.

2.2 Terms and conditions of proposed access agreements

Licensees and water undertakers will have to agree the terms and conditions of new access agreements, including the period of such an agreement and the charges payable by the licensee to the water undertaker. Those terms and conditions must be in accordance with our 'Access codes guidance'. The charges payable by the licensee to the water undertaker must be fixed in accordance with the costs principle¹³. If the water undertaker and the licensee cannot agree the terms and conditions of a proposed access agreement, the licensee (but not the water undertaker or the customer) can ask us to make a determination¹⁴.

If we determine the terms and conditions of an agreement, the licensee can decide not to proceed with the access agreement. If the terms and conditions determined by us are accepted by the licensee, they become binding on both the licensee and the water undertaker as if they had been agreed between the parties¹⁵. The water undertaker must then make access available to the licensee on those terms and conditions.

We expect most issues to be resolved by the parties without recourse to us. We do not expect water undertakers to raise disputes as a means of preventing or delaying access to their supply systems. Nor should licensees involve us in the detail of their commercial negotiations. We would be concerned if either party sought to refer a dispute to us without first making serious attempts to reach agreement. Ordinarily we will need to be satisfied that the parties have tried to reach an agreement before we consider making a determination.

If the dispute is about drinking water quality issues, both parties will need to demonstrate that they have followed the relevant DWI guidance. DWI will expect the parties to demonstrate that all options for resolving the dispute have been considered.

¹³ The costs principle is set out in section 66E WIA91. Guidance on this is also set out in our guidance on access codes.

¹⁴ See section 66D(2)(b) WIA91.

¹⁵ Section 66F(10) WIA91.

2.3 Conditions for refusing supplies

2.3.1 Conditions for refusing wholesale supplies

Under section 66A(3) WIA91, the duty on a primary water undertaker¹⁶ to provide a supply of water to a licensee, or to take any steps to enable it to provide such a supply, does 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, that is they do not include a building or part of a building; or
- the supply to be made by the licensee to the premises is not for domestic purposes¹⁷.

The second condition is that the provision of the supply by the water undertaker would:

- require the water undertaker 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 the water undertaker's 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 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.

A licensee can ask us to determine whether any of these conditions are satisfied¹⁸. The procedure for making determinations under these sections of the WIA91 is set out in chapter 3.

2.3.2 Conditions for refusing the introduction of water into the supply system and for refusing wholesale supplies by secondary water undertakers

In addition to the above, the duties under sections 66B and 66C WIA91 on a primary water undertaker to permit the introduction of water by a combined

¹⁶ A water undertaker is the primary water undertaker of a licensee if the undertaker's supply system is to be used for the purpose of making the supply to the premises of the licensee's customer: see section 66A(8) WIA91.

¹⁷ "Domestic purposes" refers to drinking, washing, cooking, central heating and sanitary purposes: see section 218 WIA91.

¹⁸ Section 66D(1) WIA91.

licensee into its supply system, do not apply if either the first or second condition below is satisfied. Similarly the duties under section 66C WIA91 on a secondary water undertaker to provide a wholesale supply of water do not apply if these conditions are satisfied.

The first condition is that the provision of the supply or the permitting of the introduction of the water into the primary water undertaker's supply system:

- would require the water undertaker 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 buildings and parts of buildings with water for domestic purposes; 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 71 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.

A licensee can ask us to determine whether any of those conditions are satisfied¹⁹. The procedure for making determinations under these sections of the WIA91 is set out in chapter 3.

¹⁹ Section 66D(1) WIA91.

3. Our approach to handling determinations

Any party submitting a dispute or query to us (the case submitter) should read all the relevant guidance and related documents and follow the procedures set out in those documents and this determinations procedure. Ordinarily we will only consider making a determination where it is clear to us that the parties involved have followed the relevant guidance. If we consider that a case submitter is not following the relevant guidance or procedures, we may decline to consider the matter at any stage. We may reconsider taking action if further relevant information is submitted.

If we make a determination relating to any of the matters set out in chapter 2²⁰, that determination will be final and binding on both parties²¹. The one proviso to this, as explained in section 2.2, is that the licensee can decide not to proceed with the access agreement after we determine the terms and conditions of the agreement.

In addition to our powers to make determinations under the WIA91, we can also investigate complaints under the Competition Act 1998 (CA98). Where a particular agreement or practice falls within the scope of the WIA91 as well as the provisions of the CA98, we will use the power that we consider the most appropriate. The procedure for handling complaints under CA98 is not covered in this document.

3.1 Process and timescales

In order to resolve a dispute or respond to a query we will ask relevant parties for their views and for any supporting information that they may have. In general, we will expect to send copies of all submissions received to the other relevant parties, unless there are confidentiality reasons why we should not do so. Case submitters should tell us when they consider that information is confidential. Before we make a determination, we will issue a draft determination on which we will invite the parties involved in the dispute or query to comment on. We expect parties to submit all relevant information in support of their case before we issue the draft determination.

We must consult the Environment Agency, the Secretary of State and/or the National Assembly for Wales before we issue determinations of the terms and conditions of agreements or the conditions for refusing supplies.

We believe it is important to resolve matters as swiftly as possible. In appendix 1 we set out the individual stages of dealing with disputes and queries.

²⁰ Pursuant to section 17E WIA91 or section 66D WIA91.

²¹ Any decisions that we make, including determinations, are subject to judicial review.

Sample overall time taken to make a determination from stage 1 of the procedure (assuming that the parties have tried to reach an agreement)

Time taken to issue a draft determination **up to 55 working days**
Time taken to issue a final determination **a further 20 working days**

These targets assume:

- two consecutive exchanges of correspondence with the involved parties during stage 1;
- that they respond within our deadlines;
- that the facts have been clearly established; and
- that the matter is otherwise straightforward.

If we have to write to relevant parties more than twice, then it is likely to take us longer to make a determination.

The timescales for resolving a dispute or answering a query will depend on the quality, depth and speed of the submissions from parties and their responses to our questions. More time may be needed in the following situations.

- If we have to ask external parties for advice (see section 3.2).
- If we have to consult secondary water undertakers.
- Where new issues have to be considered.
- Where the case is unusually complex.

It will be the responsibility of the individual parties involved to provide any further information that we ask for. Parties involved in a dispute or query should be aware that, if they do not supply such information within the timescale that we set, then they should give us a reasonable explanation of why they cannot provide the information. If they are unable to provide information in a timely manner we may decide to proceed on the basis of the available facts. This is to ensure that we are not unreasonably delayed in resolving disputes or answering queries.

We expect timescales to reduce with experience.

3.2 External advice

If a case raises issues relating to drinking water quality, then we will consult DWI. If a water undertaker seeks to impose a term or condition that the licensee considers is unacceptable on the basis of factors relating to drinking water quality, we will ask DWI whether the water undertaker's requirements are reasonable. Correspondence about complaints between DWI and us is covered by a Memorandum of Understanding²².

²² 'Memorandum of understanding between The Drinking Water Inspectorate and The Director General of Water Services'. This is available from our library and website.

We will consult the Environment Agency if a case involves issues such as pollution control, water abstraction or wastewater discharge. We may also need to engage other outside parties, for example consultants, or to ask water undertaker reporters to help us consider some technical or financial issues. If a case involves customer protection, service or transfer issues, we will consult with the relevant Consumer Council for Water (CCWater) committee²³. However, CCWater has no powers to assist individual parties in resolving such disputes or queries.

Where possible, we will seek to consult external parties in parallel with the rest of the investigation. This will ensure that the overall time taken is as short as possible.

3.3 Reporting new determinations

Under WIA91 we have a duty to report the outcome of our determinations on the Director's register²⁴. Details will also be available from our library and website.

We will consider on a case-by-case basis the extent to which it is appropriate to publish the full text of a determination²⁵. We will inform all relevant parties of our proposed approach and give them an opportunity to comment.

All parties will be asked if they want their names to be included in the published decision. If a party does not want its name to be included, we will remove it from the published decision and also remove other identifying information.

Information we hold is subject to the Freedom of Information Act 2000 and, where relevant, the Environmental Information Regulations 2004²⁶. Where we receive requests for information that is not in the public domain we will consider the relevant exemptions, including consulting with appropriate parties if necessary, and apply them if appropriate to protect the public interest.

We will publish annual reports, summarising the number of disputes and queries received and the main issues they have raised. We will issue the first of these by December 2006.

²³ CCWater replaced WaterVoice from 1 October 2005.

²⁴ Section 195 WIA91.

²⁵ Section 195A WIA91.

²⁶ SI.2004 No 3391.

4. Other action we can take

4.1 Compliance with our guidance on access codes and the costs principle

Our guidance on access codes sets out the details that we expect each water undertaker to include in its own access code and contains guidance on the costs principle (see section 2.2)²⁷.

If it appears to us that an access agreement made between an undertaker and a licensee (without our intervention) has not been made in accordance with the costs principle or our guidance on access codes, we can require the parties to modify or terminate the agreement²⁸. The process for reaching this decision will be similar to the process for making a determination set out in chapter 3.

4.2 Customer transfer protocol

The procedure set out in this document does not cover the process for handling objections to water supply transfers, erroneous transfers or disputed transfer meter readings under the customer transfer protocol (CTP). These processes are set out in the CTP.

²⁷ Section 66E WIA91 sets out the costs principle in full and potential case submitters should refer to that section and to our guidance on access codes before referring any issue to us.

²⁸ Sections 66D(7) and (8) WIA91.

5. Our enforcement powers

Under section 18 WIA91 we have powers to issue enforcement orders. These powers apply to companies holding appointments under the WIA91 (ie water and water and sewerage undertakers) and licensees. In relation to determinations of WSL issues, we can issue enforcement orders in the following circumstances.

- Where there is a breach of one or more of the eligibility requirements in respect of premises supplied by a licensee, namely:
 - i) the requirement that the premises are not household premises;
 - ii) the threshold requirement; and
 - iii) the requirement that the premises are not being supplied with water by another company pursuant to a water supply licence.

This will include where we have made a determination that one or more of the eligibility requirements listed above is not met in respect of any premises but we consider that a water undertaker or licensee is not complying with the terms of the determination.

- Where we have required the parties to modify or terminate agreements under section 66D WIA91, as explained in section 4.1, but the parties do not comply with that requirement.

Appendix 1: Stages of the procedure for making water supply licensing determinations

This appendix explains the actions that we will take at each stage and our targets for achieving these. These targets assume that the facts have been clearly established and the matter is otherwise straightforward. In every case, we will aim to improve on the targets set out below. Where we are responsible for actions, we will aim to complete these as soon as possible. We encourage water undertakers and licensees to respond quickly to our letters.

In all cases, we will assume that any information that we receive can be shared with other parties unless we are otherwise instructed.

Please note that the procedure for the different types of determination or query varies slightly in some stages. The differences are explained below.

1. Pre-investigation stage

This stage applies to queries about eligibility or disputes about the terms and conditions of proposed access agreements. Generally, this stage will not apply where we initiate investigations into whether agreements comply with our guidance on access codes or the costs principle.

- The case submitter, that is the licensee or the licensee's customer, submits a dispute or query. The case submitter should include the information specified in appendix 2. Where there is a dispute, the case submitter should send a copy of its submission to other involved parties.
- We will consider the submission. If the case submitter has provided incomplete information, we will write to ask for further details.

<p>Our target: we will write to the case submitter within five working days of receiving the case submitter's partial submission.</p>
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- We will repeat this stage as necessary until we have received all the information that we need. Ordinarily, we will not start to consider a dispute or query under stage 1 until the case submitter has given us all the required information.

Overall time taken on this stage: this will depend on the submission from the case submitter.

2. Stage 1 – information gathering

This stage applies to all disputes and queries, but the actions taken during this stage will vary according to the nature of the referral. Please note that we will not start counting the time taken on the case until this stage has been reached.

- **For queries about eligibility**, we will write to the parties involved in the query with copies of the information we have received to ask for their views or request more

information as necessary. The parties to the query may be the licensee, the potential customer or the water undertaker. We may also need to contact any secondary water undertaker.

- **For disputes about the terms and conditions of proposed access agreements**, we will write to the water undertaker for its views on the case submitter's submission. We may also need to contact the sewerage undertaker for its views.
- **For investigations into compliance with our guidance on access codes or the costs principle**, we will write to the relevant parties with copies of the information that we have received to ask for their views or request more information as necessary. The relevant parties are likely to be the undertaker and the licensee.
- We will consult DWI or the Environment Agency where necessary, as explained in section 3.2.

Our target: we will write to the parties within ten working days of reaching stage 1.

- In each case, we will give the parties involved ten working days to respond. If the responses raise new issues, we will write to the relevant parties for further information.

Our target: we will write asking for more information within ten working days of receiving responses from the relevant parties.

- We will give the relevant parties a further ten working days to respond. We will repeat this stage as necessary until we consider that we have all the facts of the case.

Overall time taken on this stage: 40 working days, assuming that there are two consecutive exchanges of correspondence.

3. Stage 2 – preparing the draft determination

This stage applies to all disputes and queries.

- We will prepare a draft determination setting out the facts of the case, the views of all involved parties and our provisional conclusions.

Our target: we will issue the draft determination within 15 working days of receiving all necessary information requested in stage 1.

Overall time taken on this stage: 15 working days to issue the draft determination.

4. Stage 3 – finalising the determination

This stage applies to all disputes and queries.

- We will give the relevant parties ten working days to respond to the draft determination.
- When we receive the responses to the draft determination, we will consider the comments from both parties before issuing the final determination.

Our target: we will issue the final determination within ten working days after receiving responses to the draft determination.

If parties have submitted relevant information that materially affects the draft determination, we may have to return to stage 1.

Overall time taken on this stage: 20 working days, to the issue of the final determination.

5. Stage 4 – reporting the determination

- We will publish the key points of the determination by placing them in our library.

Our target: we will do this within 15 working days of issuing the determination.

Appendix 2: Information to be submitted in support of a dispute or query for determination

1. Information to be provided for all disputes and queries

- Name and address of person or organisation making the dispute or query (the case submitter).

Where the case submitter acts through an agent, for example a consultant or solicitor, the agent must provide full details of the relationship between themselves and the case submitter. The agent must provide a signed letter of authority from the case submitter.

- Copies of all previous relevant correspondence between the case submitter and the water undertaker on the issues being raised where this is available.

In addition, we will need the following information, depending on the type of dispute or query.

2. Additional information to be provided for a specific dispute or query

We may also require case submitters to provide further information at an early stage, which is likely to include the following.

2.1 Disputes and queries about whether premises are eligible

The case submitter should provide full details of the following, where these relate to the dispute that is being referred.

- information about how the premises are managed and who is liable for the water bills;
- a map of the site and the surrounding area, including the nearest roads and any land between the premises;
- a copy of the relevant entry from the Land Register or a copy of the property deeds;
- the water metering arrangements at the property;
- how much potable and non-potable water is supplied to the premises each year and details of the charges payable for that water;
- whether any supplies of water are provided through private networks;
- whether any water supplied is lost through leakage; and
- the usage to which the properties are put and whether that usage is household or non-household²⁹.

²⁹ A list of premises designated as household and non-household for the purpose of water supply licensing is attached to our consultation on 'Eligibility, licensing, customer transfer protocol and strategic supplies' (October 2004).

In addition, the case submitter should provide confirmation that it has already discussed other eligibility issues that are not related to the dispute with the relevant parties. The case submitter should confirm whether or not agreement has been reached on these.

2.2 Disputes about the terms and conditions of a proposed access agreement

The case submitter should provide a copy of all the information that the water undertaker has requested to enable the water undertaker to consider the application, where this relates to the dispute.

For example, if the dispute is about the water undertaker's requirements for emergency measures, and the licensee provided the water undertaker with a copy of its emergency procedures, the case submitter should also send us a copy of those procedures as part of its dispute or query.

Also, the case submitter should confirm that it has discussed the other terms and conditions of the access agreement (that is, those that are not in dispute) with the water undertaker and that the water undertaker has agreed to offer those terms.

Appendix 3: Glossary

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.

Access agreement: An agreement between a water undertaker and a licensee for access by a licensee to a water undertaker's supply system. Access agreements will be made in accordance with either a retail authorisation or a supplementary authorisation.

Access code: A water undertaker's document describing how to access to its supply systems and the terms and conditions on which it will grant access. The access code sets out the standard terms and conditions common to all water undertakers and the terms and conditions specific to that water undertaker.

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.

Costs principle: As defined in section 66E WIA91.

Licensee: A company holding either a retail licence or a combined licence; also referred to as a licensed water supplier.

Non-potable: Water that is not intended for domestic or food production purposes.

Potable: Water for domestic and food production purposes that is required to be wholesome at the time of supply. This is defined in section 68 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 of a licensee 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 (section 66A(8) WIA91).

Private water supplies: Supplies made by means other than through a water undertaker's supply system or pipe network which are, as such, not regulated by Ofwat.

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) WIA91).

Retail Licence: A Water Supply Licence that gives the holder the retail authorisation to allow it 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) WIA91).

Secondary water undertaker: A water undertaker other than a licensee's primary water undertaker, in relation to a wholesale supply, or proposed wholesale supply, of water under section 66C WIA91 (section 66C(1)(a)(i) WIA91).

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

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 its 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 these treatment works. This term is defined in section 17B(5) of the 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 undertaker: A company appointed under the WIA91 to provide water services to a defined geographic area and which operates the public supply system and other infrastructure.

WIA91: The Water Industry Act 1991, as amended by the Water Act 2003.