

DŴR CYMRU WELSH WATER
TRADING AND PROCUREMENT CODE

VERSION 2.2

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Contents

1	Introduction – setting the context for trading	3
2	Origin, Purpose and Operation of the Code	8
3	Key Principles of the Code	10
4	Glossary of terms	15

1. Introduction – setting the context for trading

1.1 Dŵr Cymru Welsh Water

Dŵr Cymru Welsh Water (henceforth Dŵr Cymru) is the appointed water and sewerage company for an area covering much of Wales, Herefordshire and Deeside. It is responsible for the public water supply network and sewerage services in this area. It supplies approximately 800 megalitres ('Ml') per day to over 1.3 million household and business customers (more than 3 million people in total), making it the sixth largest of the 10 appointed water and sewerage companies.

Our operating area shares a land border with Severn Trent Water and Dee Valley Water, and a water border with Bristol Water (the River Severn estuary) and United Utilities Water (the River Dee estuary). Two other companies also operate as 'new appointees' within our area - Albion Water, which serves one industrial customer on Deeside in north Wales, and SSE Water, which serves a housing development at Llanilid in South Wales.

We have more than 20 bulk water trades already in place with some of these companies. The most significant of these by volume is the Elan Valley bulk supply with Severn Trent Water, where we export more than 100,000 Ml per year to Severn Trent, for it to supply its customers in Birmingham.

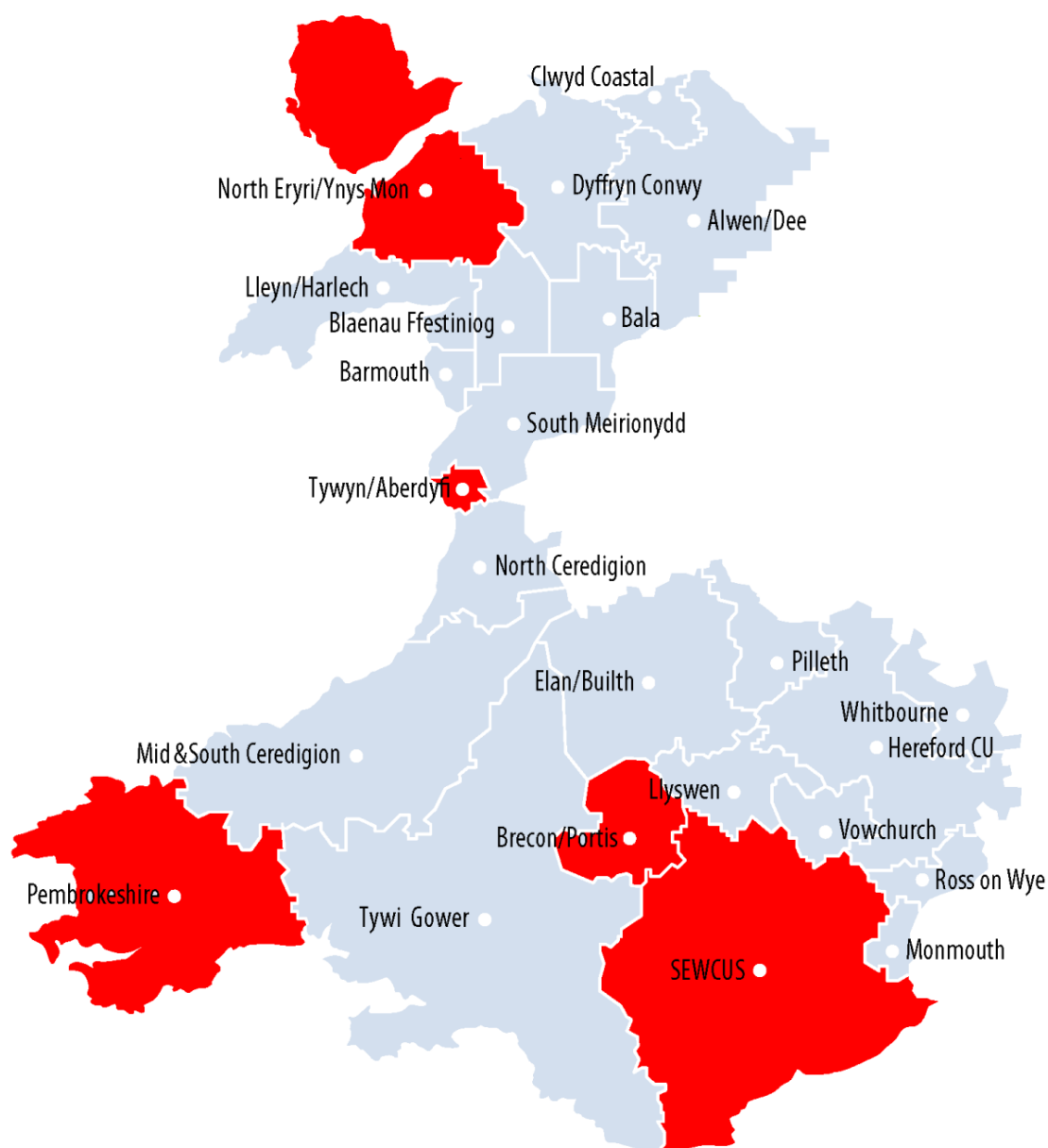
Dŵr Cymru's main environmental regulator is Natural Resources Wales ('NRW'). The Environment Agency regulates our activities in England. Dŵr Cymru also operates within the broad strategic and environmental policy framework set by the Welsh Government, rather than the UK Government, since water is a devolved policy matter and is subject to increased amounts of devolved Welsh legislation.

1.2 Dŵr Cymru's water resources

Wales has a relatively high rainfall compared to the rest of the UK. On average we receive around 1400mm of rainfall each year compared with around 700mm per year in the South-East of England. Most of the rainfall received is retained by the natural environment, rather than being captured and used for public water supply. Our water resources are mainly reservoirs and rivers – we have very little groundwater stores.

Within our area we operate 24 Water Resource Zones ('WRZs'). Our Water Resources Plan 2014 describes how we will maintain a supply surplus compared to forecast demand over the planning period to 2040 within these zones. We estimate that 5 water resource zones would fall into water resource deficit without any new asset development (See Figure 1 below). The remaining 19 zones have a water resource surplus.

Figure 1 – forecast water availability in Dŵr Cymru WRZs to 2040



This is an overview of our current forecast of water availability. It suggests there is some scope for trading with other water companies and industrial customers. We will review and if necessary update our estimates of water availability periodically as part of the annual review process of our Water Resource Management Plan (WRMP).

1.3 Dŵr Cymru and the natural environment

The natural environment is one of our most valuable assets, a key part of Wales' identity and heritage. This underpins our desire to promote green economic growth – that is, growth which is good for the economy but at the same time respects and protects the natural environment which supports it.

A potentially significant threat to our natural environment is climate change, which may result in more extreme weather patterns. Droughts and floods may become more frequent and more severe. Our water supplies may be at greater risk. To mitigate the potential risks and reduce their potential impact on our customers, we can build a more resilient supply system. Water trading can help in this, because it widens the pool of potential resources we can draw on.

1.4 Statutory obligations

Dŵr Cymru provides its services to customers against a backdrop of environmental legislation and obligations, which set tight standards that we have to meet. These obligations shape how, when and where we abstract water. As well as our general obligation to be an efficient water company, specific key legislation that can impact on our available water resources includes the European Water Framework Directive ('WFD'), the Habitats Directive and the Eels Regulations.

The Welsh and UK Governments are required to implement these Directives. NRW and the Environment Agency (for England) have been the lead bodies overseeing the necessary changes.

For example, under the WFD, NRW and the Environment Agency have to produce River Basin Management Plans for each of the 11 River Basin Districts ('RBDs') in England and Wales. These plans set out a 'programme of measures' that are needed to ensure that inland (and coastal) waters achieve WFD 'good ecological status or potential' status and that there is no deterioration from their current status. NRW's management of water abstraction is one way in which it works to achieve River Basin Planning objectives. Dŵr Cymru's operations are covered by 3 RBDs - Western Wales, Dee and Severn.

In effect, full implementation of these Directives will mean that more water may need to remain in the environment than historically was the case. The implication for us (and other abstractors, not just water companies) means we might have to reduce the amount we are legally allowed to take. Consequently, this will reduce the amount of water available to our customers (our 'Deployable Output') and reduce the scope for trading.

1.5 Environmental sensitivity

As part of the requirements of the Habitats Directive, NRW has reviewed all of our abstraction licences that have the potential to impact upon European Designated sites, principally Special Areas of Conservation ('SACs'). This process (known as Review of Consents) suggests that three water bodies are particularly affected – the Wye, Usk and Cleddau riverine SACs. From the outcomes of the Review of Consents process, NRW has been unable to conclude there is 'no adverse effect' or 'risk of' from our operations on the

Rivers Wye and Usk and Cleddau. Since 2103 the Usk & Wye Abstraction group, comprising of Dŵr Cymru, Severn Trent Water, NRW, EA, Canal & River Trust and Wye and Usk Foundation, have been working to generate a set of modifications to our abstraction licences that will ensure compliance with the Habitats Directive. The final proposal from this group has been developed through comprehensive evidence based studies and was presented in December 2014. We are currently working towards amending the abstraction licences and confirmation of an acceptance date for the changes, by the end of 2015. On the Cleddau Rivers we are also working to the timetable of agreeing and completing modifications to our abstraction licences by the end of 2015.

In addition to meeting its obligations under European legislation, Dŵr Cymru also works with a range of partners and stakeholders to minimise the impact of its operations on the natural environment and those who enjoy it. We take a holistic approach to managing our water resources, looking beyond each source to the whole catchment, and including issues such as best farming practices and land management, and educating our customer to be more water efficient, preventing problems occurring as well as tackling them when they do occur.

We are also looking at the options for meeting new, tighter environmental standards, and working with a variety of partners on the details. We accept that the requirements of the European Directives need to be met, but we want to do that in the most timely and cost-effective way, whilst ensuring water remains available for sustainable development.

1.6 Welsh Government

The Welsh Government provides the strategic direction for water policy in Wales. Central to its policy is the need to recognise the value of the water resource available to Wales and to derive real benefits based on the value of those resources. It supports trading as one of a range of options available to companies to ensure best value for customers in Wales.

The Welsh Government expects water companies operating wholly or mainly in Wales to only agree to sharing resources and water trading where it would not be detrimental to the incumbent company and its customers, particularly where trading might be used to meet demand in England.

1.7 UK Government

The UK Government has a vision for the water industry which it set out in its White Paper and 'Water For Life: Market Reform Proposals' in December 2011. It wants a more secure, sustainable and resilient water sector, which can tackle the emerging challenges of climate change and population growth, as well as address current problems of over abstraction. It also wants water to be valued as a precious resource.

It believes this vision can be met, in part, through greater interconnection between water companies' water networks. Specifically, UK Government supports more water trading, and is looking to Ofwat to encourage companies to do this via regulatory incentives to implement some of the plans in the White Paper. The Water Act 2014 received Royal Assent on 14th May 2014.

1.8 Contact Details

Any queries in relation to this Trading and Procurement Code, Dŵr Cymru's Water Resources Management Plan (WRMP) or in relation to water trading generally should be directed to:

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2. Origin, Purpose and Operation of the Code

2.1 Dŵr Cymru's position on trading

Dŵr Cymru supports economic growth within its supply area. We believe water trading can play a part in encouraging growth, as long as it is done in a sustainable way. We support the position set out by the Welsh Government that water trading must benefit Wales and the people of Wales, and not jeopardise our own business and the customers we serve.

Our estimated water resource position over the medium term, as set out in our [Water Resources Management Plan 2014](#), suggests that we are more likely to offer exports than seek imports during this period. Our Water Trading Prospectus, see Appendix 1, provides details of our estimated levels of surplus in our WRZs.

We believe it is prudent to develop and implement a Code which is in line with Ofwat's requirements and principles, in readiness to deal with proposals from other companies to trade with Dŵr Cymru.

2.2 Purpose of the Code

In our Water Trading Prospectus we make it clear that we are willing to trade with both other water companies and with third parties. However, we believe it is likely that, initially at least, most new water trades will be between water companies, as they respond to the water trading incentives introduced by Ofwat in the 2014 price review. As of February 2016, Ofwat have clarified that imports of water by water undertakers from third parties will also qualify for an import incentive payment. For the purposes of clarity, where exports are made by Dŵr Cymru to water supply licensees or new appointees, these trades will be dealt with using our Network Access Code. The latest version of this can be accessed via [our website](#).

Ofwat is keen to ensure water company customers and the environment are protected in water trades. Further, Ofwat wants to be sure that its regulatory proposals are working properly and do not have unintended consequences for customers. Therefore, if a water company wants to claim an export and (or) import incentive it must be operating consistently with and be able to demonstrate compliance with an approved trading and procurement code. Ofwat will assess this at the next price review when deciding whether a trade qualifies for an incentive payment.

2.3 Operation of the Code

Dŵr Cymru's Code conforms to the following general high-level principles, which will govern its approach to negotiating trade agreements. These general principles should be taken in conjunction with those specific principles set out in section 4 below.

Assignment	Under no circumstances will the trader be entitled to assign the trade agreement to another party without Dŵr Cymru's agreement
Compliance	Dŵr Cymru and the trader will take all necessary steps to ensure compliance with such laws and regulations as shall apply from time to time, including the Competition Act 1998
Cooperation	Dŵr Cymru and the trader will co-operate with each other in the general interests of continuous provision of water and the integrity of the water supply network
Duration	A qualifying trade must operate between April 2015 and March 2020 but may continue to operate after March 2020.

Equal and fair treatment	All parties seeking to trade with Dŵr Cymru will be treated fairly and equally between each other, including in the provision of information
Managing emergencies	Dŵr Cymru will retain primary responsibility for managing emergency procedures relating to all of its water supply system. The trader will be expected to cooperate with Dŵr Cymru in the event of an emergency or security issue affecting the water supply system and the trade between the two parties
Managing imports	Dŵr Cymru operates its system over a number of distinct and separate water resource zones. We will work with the export company to ensure imports of water to Dŵr Cymru are as efficient as possible and costs of infrastructure to enable the import to be made are minimised. Where possible, existing infrastructure will be used
Managing exports	Dŵr Cymru operates its system over a number of distinct and separate water resource zones. We will work with the import company to ensure exports of water by Dŵr Cymru are as efficient as possible and costs of infrastructure to enable the export to be made are minimised. Where possible, existing infrastructure will be used
Qualifying trade	A qualifying trade will be a new agreement with another water company for Dŵr Cymru to import from or export to that company's water supply network
Start date	A qualifying trade must start in July 2013 or later
Period of operation	A qualifying trade must be operating in practice and generating revenues during the price control period 1 April 2015 to 31 March 2020.
Trade agreements	A trade agreement will need to be signed before a qualifying trade can begin. Such an agreement will stipulate in detail the terms and conditions agreed by the trade parties.
Trade effects	A qualifying trade should be at no detriment to any of Dŵr Cymru's customers or the service provided to them, and should not have an adverse impact on water quality, the environment or the community
Trade partners	A qualifying trade must be between wholly-unrelated companies
Trade terms	Unless otherwise agreed, the supply to the import company will normally be subject to the same conditions in terms of interruptions, pressure and other conditions as is the supply to Dŵr Cymru's customers in the WRZ from where the water is supplied
Water quality	Trades can be of untreated or treated water. Traders must abide by Water Quality Protocols as stipulated by Drinking Water Inspectorate (DWI).

3. Key Principles of the Code

3.1 Summary

Where trades are proposed between other water companies or industrial customers and Dŵr Cymru, we are committed to trading in a transparent, sustainable and responsible manner, within the policy framework set by Welsh Government and to the benefit of our customers and the natural environment.

In this Code we set out how we would approach trades with other parties. It provides the basis for more detailed, commercial negotiations with potential trade parties. The following principles, in conjunction with those in section 2 demonstrate our commitment to fair, equal and responsible trading.

3.2 Imports by Dŵr Cymru

As noted above, and in our Water Trading Prospectus, Dŵr Cymru is more likely to agree exports to other companies, than take imports. 19 of our 24 WRZs are estimated to have marginal or material supply demand balance surpluses over the period to 2040. Nonetheless, if circumstances change over time and we believe a new import agreement is the right way ahead, the following principles shall be adhered to:

3.2.1 Non-discriminatory procurement

Dŵr Cymru, like other water companies, is obliged when preparing its WRMP to consider options to share water with other water companies or third parties. Our WRMP 2014 shows the extent to which we have already gone to raise awareness of and interest in water trading with other appointees and third parties. We published a general statement of need, which shows where we might require water resources in the future, across our area. We have also held specific discussions with four neighbouring water companies about the feasibility of water sharing arrangements in the future. We remain willing to discuss potential trades with any third party. As our WRMP 2014 shows, we will not discriminate against or between any potential provider of water to us.

3.2.2 Economic purchasing

Dŵr Cymru operates under a set of obligations and expectations from Welsh Government and from Ofwat that we will run our business efficiently and to the benefit of our customers. Our unique, not-for-profit structure allows us to invest more on customers' behalf and keep bills lower. This operating framework also includes the obligation to consider water trading as part of our draft WRMP process. Overall, it means we can reassure our regulators and potential traders that we would purchase from the most economical sources possible, depending on a range of relevant factors including the quality and quantity of water available and the infrastructure needed to make the supply happen.

3.2.3 Using competitive processes

Our WRMP shows that we are open and transparent when considering potential supplies of water to us from third parties. As part of the pre-consultation process for the plan, we published a view of need and availability of water resources across our supply area on our website. Section 11.17.1 of our WRMP 2014 provides further details on this process and the responses received.

We wholly support the use of competitive processes and are aware of our obligations under general UK and European law. Should more than one supplier bid to supply us with water we would be committed to using a structured and competitive process to determine the successful supplier.

In the first instance, any offers would be subject to an assessment of acceptability to examine the quality, quantity, and environmental sustainability of each. Assessment criteria would include the following:

- Compliance with our network access code
- Acceptability of quality, or cost to treat to an acceptable standard
- Variability in and risks to quality
- Reliability and variability of quantity, and pressure during high-demand periods and during critical droughts
- Flow constraints around connecting to existing infrastructure, ability to serve zone or requirement to develop new infrastructure
- Environmental sustainability of supply (no deterioration of raw water source)
- Business resilience of trading party.

Acceptable options would then be subject to further assessments to establish the preferred options for each WRZ. This would include an assessment of costs for any additional downstream asset needs. We would also assess any potential benefits such as additional resilience or flexibility that the water supply would offer. The fully assessed options would be included with other water resource options in the Economics of Balancing Supply and Demand (EBS) assessment for each WRZ. This assessment takes account of the OPEX, CAPEX and environmental and social costs of each proposed option to determine the best value programme of options for the zone.

3.3 Exports by Dŵr Cymru

In the case of exports by Dŵr Cymru, all trades would need to comply with the following conditions:

- No water resource zone placed into deficit as a result of the export
- No impact on our ability to supply water during periods of drought
- No impact on our company levels of service
- Environmental sustainability of supply (no deterioration of raw water source)

3.4 Contract lengths

Dŵr Cymru is committed to negotiating fair and appropriate trading arrangements that meet the needs of both parties. When setting contract lengths, Dŵr Cymru will choose a reasonable duration, guided by the nature of the supply and other case-specific factors.

For supplies to another party, the contract length should take into account any potential risks to existing customers. This includes the payback duration of any infrastructure needed to supply the water. The volume offered should not put the zone into deficit within the contract duration and if the supply is related to a specific source, the length of contract should be within the abstraction licence period of consent.

For supplies offered from another party, the contract duration would preferably be 25 years in line with the WRMP. However, it should take into account any infrastructure costs so as to ensure the best value over the period. The contract duration should also allow for the time required to replace the volume with an alternative supply based on an acceptable water source.

3.5 Transparency and audit

Dŵr Cymru is committed to an open and transparent process for trading, in line with its rigorous process for developing its wider water resources position under the WRMP.

3.5.1 Availability of information

Central to any potential trade will be information about our water resources position. This is set out in our latest WRMP. Furthermore, we will update our Water Trading Prospectus which provides an overview of our water availability, for each of our WRZs, with a view to encouraging trading. We can assure our regulators and potential traders that we will at least maintain this level of transparency. Further information about the availability of water more generally in the wider natural environment can be obtained from NRW or the Environment Agency.

Information about agreed trades will be submitted to Ofwat as part of existing reporting requirements that includes a list of all of our current bulk imports and exports. Information will also be contained within our WRMP, subject to requirements relating to national security and commercial confidentiality.

3.5.2 Compliance with the Code

Dŵr Cymru is committed to rigorous compliance with all of its legal obligations, including the Trading and Procurement Code. We also expect our trade partners to be similarly committed.

We will keep Welsh Government and Defra, Ofwat, DWI, NRW and/or Environment Agency (as appropriate) fully informed of any qualifying trade proposals made to us, any proposals we make to others, and any trade agreements that are made, through existing reporting interfaces.

For all qualifying trade proposals that are successfully completed we will carry out an internal audit of the process and provide that report to the Welsh Government, Defra Ofwat, DWI, NRW and/or Environment Agency. The audit report will examine the processes followed during the trade negotiations, and demonstrate that we have complied with all aspects of this Code. Assurance on qualifying trades will also be provided as part of our Business Plan submission.

3.6 Relationship with WRMP

Dŵr Cymru incorporates the consideration of water trading agreements within its existing option selection process for developing its WRMP. We have had no firm responses to our published statement of need for water resources, and no third party or neighbouring water company has presented any specific water supply options to us for inclusion in our options appraisal process. Consequently we have not included any new water trading arrangements within our WRMP 2014. However, we have memorandums of understanding in place with water companies, which are enabling discussions to continue regarding future proposals. We believe the approach we take for selecting options under the WRMP is wholly consistent with how we would approach agreeing water trading arrangements. Our process for selecting supply demand options is set out in Section 11 of our WRMP 2014. This process will be updated as part of our WRMP 2019.

3.7 Rational trading

Dŵr Cymru fully supports and adopts a balanced approach to the management and use of water resources. We want to provide our customers with a safe and reliable service that

meets all their expectations, at an affordable price. We want to do this sustainably, so future generations can also enjoy the natural environment that is a unique part of Wales' identity.

Any water trade proposals that we may consider will be both economically- and environmentally-rational. This means we will only consider water trades that offer a better overall solution than other options available to us. This is the approach we adopted when assessing all options under our WRMP 2014.

3.7.1 Economically-rational trades

The economic rationality of any new trade agreement will be further supported by the evidence of correct cost assessment that will underpin the trade. This cost assessment will be reported in the audit report that we would prepare once the trade was agreed.

As set out in our WRMP 2014, cost assessment of all options, including potential trades, is on a 'whole life costing' basis to include inputs on 'up-front' capital costs (CAPEX), inputs on ongoing maintenance and operational costs (OPEX), as well as social, environmental and carbon costs.

3.7.2 Environmentally-rational trades

The environmental rationality of any new trade agreement is supported by the fact that we will not compromise on our ability to meet the requirements of UK and European legislation, such as the need to achieve good ecological status or potential under the Water Framework Directive ('WFD') for water bodies from which we abstract.

Furthermore, we are currently involved in extensive environmental studies to assess the best way to meet the requirements of the Habitats Directive, whilst ensuring water remains available for sustainable development. We will also be undertaking detailed studies during AMP6 to investigate the impact from our assets on Heavily Modified Water Bodies under the WFD. These studies will inform the development of our current and future WRMPs and are further evidence that any water trades we might consider would necessarily be environmentally-rational.

Our WRMP also encompasses the principles of no deterioration, and we would expect information on the environmental sustainability of any water supplied to us from 3rd parties.

3.7.3 Protecting environmentally-sensitive sites

Dŵr Cymru takes its commitment to sustaining the natural environment seriously. The Review of Consents process has identified a number of our abstraction sites which could cause environmental damage if abstracting up to their full licensed volumes. We are working with NRW and the Environment Agency to reduce the level of our abstraction at some sites, in order to demonstrate that the risk of adverse impact to site integrity has been removed, and ensure full compliance with the requirements of EU legislation.

Dŵr Cymru would only propose a water trade if we were sure we could avoid any further adverse impact on the natural environment. Any abstraction to be developed for potential trading with a third party that would require a licence application or involved an increased use of a source would need to demonstrate a satisfactory environmental assessment, including a 'no deterioration' criteria for each water body.

Under the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004, the WRMP is subject to a Strategic Environmental Assessment (SEA) due to the potential 'significant effect' of the options set out within the plan on sites designated under the Habitats Directive. In addition, under Regulation 61 of the Conservation of Habitats and

Species Regulations 2010 (as amended)¹ referred to as the Habitats Regulations, any plan or project which is likely to have a significant effect on a European site (either alone or in combination with other plans or projects) and is not directly connected with or necessary for the management of the site, must be subject to an Appropriate Assessment to determine the implications of the site in view of the site's conservation objectives. The WRMP is therefore subject to this requirement and the Habitats Regulations Assessment (HRA) refers to the assessment of the potential effects of a development project (i.e. our water resource options) on one or more European sites. Any water resource options set out in the WRMP that involve water trading would therefore be subject to these assessments.

If an offer was received for a supply of water from a third party, we would expect the offer to include the appropriate level of environmental assessment related to the abstraction of water, and confirmation from environmental regulators that there was no potential for the 'deterioration' of any water body as a result of the abstraction. We would also seek reassurance that no licence reductions were being sought relating to the source.

3.8 Ending trades

Dŵr Cymru has several current imports and exports with other water companies. Ofwat is already aware of these transfers through information we have submitted.

We are aware of the Ofwat requirement for qualifying trades to be new trades beginning in or after July 2013. We can assure Ofwat and others that we have no intention of manipulating any of our current trades in order to exploit the financial incentives for trading. We would expect all of our trading partners to take a similar approach to the maintenance of existing trade agreements.

If we agreed a new trade, the audit report that we would prepare as part of the compliance process would include evidence to show that the trade was new, not one that had been artificially ended and restarted.

3.9 Assessing costs

Dŵr Cymru would approach a water trade in a manner fully consistent with the water resource planning process, as set out in the WRMP guidance. The costing of any proposed trade would be rigorous and accurate, and based on 'whole life' costing. In line with guidance from the Welsh Government, we would only agree a trade where the value of the resource was properly recognised and the trade did not jeopardise our customers or the natural environment. Following this guidance means we would always look to recover an appropriate level of costs of any water trade from our trade partner.

¹ Including the Conservation of Habitats and Species (Amendment) Regulations 2011 and 2012.

4. Glossary of terms

Abstraction	The process of removing water from rivers, reservoirs and aquifers.
Abstraction licence	An authorisation to abstract, required for volumes above 20m ³ per day, given and regulated by Natural Resources Wales.
Defra	Department for Environment, Food and Rural Affairs.
Deployable output	The output of a commissioned water supply source, group of sources or bulk supply under worst historic drought conditions as constrained by the following factors - abstraction licence(s), if applicable; environment; treatment; raw water mains and/or aquifers; pumping plant and/or well/aquifer properties; transfer and/or output main; water quality.
Drought	A prolonged period of dry weather that reduces rivers flows, reservoir inflows or groundwater levels to unusually low levels.
DWI	Drinking Water Inspectorate.
Environment Agency	The regulator of the natural environment in England.
European Site	This term is used to refer to any location/area designated as protected under a European Directive. This includes Natura 2000 conservation sites established under the EC Habitats and Birds Directive, Special Areas of Conservation (SAC) and Sites of Community Importance (SCI) designated under the EC Habitats Directive, and Special Protection Areas (SPA) classified by the UK Government under the EC Birds Directive.
Groundwater	For the purposes of a water trading agreement groundwater is defined as water abstracted directly from an aquifer by means of a well, borehole or spring.
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 Ofwat, to provide water and sewerage services in England and Wales. The Instrument of Appointment imposes conditions on the companies, which Ofwat is required to enforce.
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.
Megalitre (MI)	A volume of water equal to 1000 cubic metres, or 1 million litres.
Natural Resources Wales	The regulator of the natural environment in Wales, formed in April 2013 from the Environment Agency Wales, the Forestry Commission Wales and the Countryside Council for Wales.
Non-potable water	Water which is not intended for domestic or food production purposes.

Ofwat	Ofwat (The Water Services Regulation Authority) is the economic regulator of the water sector in England and Wales.
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.
Sewerage undertaker	A company appointed under the WIA91 to provide sewerage services for a specific geographic area of England and Wales.
Standard Emergency Procedure	These are a set of procedures for dealing with an emergency. The full or partial implementation of the procedures is dependent on the degree of seriousness of the emergency.
Sustainability reduction	The term used by the Environment Agency and Natural Resources Wales to a reduction to the licensed quantity in an existing abstraction licence in order to show that the licence does not have an adverse impact on a Habitats Directive site.
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.
WIA91	The Water Industry Act 1991 (as amended).
WRZ	Water Resource Zone, the largest area in which all water resources can be shared.
Water resources management plan	A water undertaker's long term strategic plan for water resource development in its area (see section 37A WIA91).
Water (and sewerage) undertaker	A company appointed under the WIA91 to provide water (and sewerage) services to a defined geographic area.
