

**WATER SUPPLY LICENSING**  
**ACCESS CODE**

**VERSION 4.1**  
**AUGUST 2008**

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# 1 OVERVIEW

## 1.1 Role of the access code

This access code sets out all principal aspects of access to the Company's supply system and the terms and conditions on which it will grant access to its supply system by a licensee. It sets out the following:

- The Company's procedures for allowing licensees access to its supply systems
- the Company's procedure for dealing with a licensee that makes an application to it under sections 66A-66C WIA91
- the terms (including indicative prices) upon which the Company will perform its duties under sections 66A-66C.

The case-specific aspects of access terms and conditions on which the licensee and the Company reach agreement will be set out in an access agreement. When the access agreement is in place, it shall be read in conjunction with the access code.

Some parts of this access code are not fully defined. They will be kept under review and expanded or revised as experience of the operation of the water supply licensing regime develops. Other parts are not fully defined because it is not possible to generalise; these will be covered on a case-specific basis.

As explained elsewhere, the Company can act as either a primary water undertaker or a secondary water undertaker. This access code is written from the perspective of Dee Valley Water. References to the requirements of secondary water undertakers which are not Dee Valley Water, and sewerage undertakers are for guidance only; specific requirements should be obtained from those other parties.

The structure of this access code is as specified by Ofwat in its Template for Access Codes. It has been developed and endorsed by the Water Supply Licensing Technical Advisory Group, which comprises representatives from customers, potential licensees and water undertakers.

Contact details for applications for access to Dee Valley Water's supply system are as follows:-

Correspondence:      Engineering Manager  
                                 Planning & Regulation Department  
                                 Dee Valley Water  
                                 Packsaddle  
                                 Wrexham Road  
                                 Rhostyllen  
                                 Wrexham  
                                 LL14 4EH

E-mail: Licensee.services@deevalleygroup.com

Website: [www.deevalleygroup.com/DVW](http://www.deevalleygroup.com/DVW)

Telephone: 01978 846946

## 1.2 Relevant framework documents

The Water Industry Act 1991<sup>1</sup> (WIA91) permits a company that is the holder of a Water Supply Licence (a licensee) to have access to a water undertaker's supply system to enable the licensee to supply water to eligible premises.

Section 66(D) WIA91 requires the Water Services Regulation Authority (which will continue to be referred to as Ofwat) to issue guidance in accordance with which the terms and conditions of agreements under sections 66A-66C WIA91 shall be made. Ofwat has issued guidance to fulfil this requirement. Some parts of Ofwat's guidance are non-statutory because they explain, amongst other things, the process by which access agreements are reached rather than the terms and conditions of those agreements.

Each water undertaker is required by condition of appointment R to publish an access code in accordance with Ofwat's guidance, setting out the basis on which it will permit access to its supply system. This document fulfils that requirement.

Relevant framework documents include the following:

### 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>

The Water Supply (Water Quality) Regulations 2001, and subsequent amendments

<http://www.dwi.gov.uk/regs/regulations.shtm>

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<sup>1</sup> As amended by the Water Act 2003

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

Guidance on Access Codes

[http://www.ofwat.gov.uk/competition/wsl/gud\\_pro\\_accesscodes.pdf](http://www.ofwat.gov.uk/competition/wsl/gud_pro_accesscodes.pdf)

Guidance on Eligibility

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_eligibility310707.pdf/\\$FILE/wsl\\_eligibility310707.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_eligibility310707.pdf/$FILE/wsl_eligibility310707.pdf)

Guidance on Applying for a Water Supply Licence

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_applying\\_licence310707.pdf/\\$FILE/wsl\\_applying\\_licence310707.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_applying_licence310707.pdf/$FILE/wsl_applying_licence310707.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)

Procedure for Handling Water Supply Licensing Determinations

[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.ofwat.gov.uk/shared\\_ofwat/business\\_leaflets/ca98\\_guidelines/ofwat422.pdf](http://www.ofwat.gov.uk/shared_ofwat/business_leaflets/ca98_guidelines/ofwat422.pdf)

Guidance on Secondary Supplies

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl\\_secondary\\_supplies\\_guidance310707.pdf/\\$FILE/wsl\\_secondary\\_supplies\\_guidance310707.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_secondary_supplies_guidance310707.pdf/$FILE/wsl_secondary_supplies_guidance310707.pdf)

## **iii) Conditions of Appointment**

Dee Valley Water Instrument of Appointment

[http://www2.watervoice.org.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/lic\\_dee\\_valley.pdf/\\$FILE/lic\\_dee\\_valley.pdf](http://www2.watervoice.org.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/lic_dee_valley.pdf/$FILE/lic_dee_valley.pdf)

## **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**

Dee Valley Water (“the Company”) is the appointed water undertaker covering an area of 831 square kilometres in north-east Wales and the north-west England in which Wrexham and Chester are the main centres of population. For location map see: -

<http://www.deevalleygroup.com/DVW/AreaSupplied.htm>

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. Dee Valley Water is obliged to provide the following services subject to the conditions detailed below:

#### **i) Primary undertaker**

##### **a) Wholesale water supply**

Where a licensee requests Dee Valley Water to provide a supply of water, under section 66A WIA91, and the premises are within Dee Valley Water’s area, Dee Valley Water 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 Dee Valley Water 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 Dee Valley Water’s 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, Dee Valley Water 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 Dee Valley Water 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 Dee Valley Water’s area, Dee Valley Water 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 Dee Valley Water’s supply system to the neighbouring secondary undertaker’s supply system. Having taken such steps, Dee Valley Water 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 Dee Valley Water 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 Dee Valley Water 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, Dee Valley Water 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 Dee Valley Water 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 Dee Valley Water's 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 Dee Valley Water is identified as a secondary undertaker within an access application, Dee Valley Water expects to be involved as necessary in discussions with the licensee and the primary undertaker. Dee Valley Water 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 Dee Valley Water would:

- require Dee Valley Water 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 Dee Valley Water'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 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 Dee Valley Water, 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 Dee Valley Water's 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 Dee Valley Water's supply system.

Licensees share responsibility with Dee Valley Water 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/1341275/1164308/?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, Dee Valley Water 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**

Dee Valley Water 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 Dee Valley Water 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**

Dee Valley Water 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**

Dee Valley Water 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.

Dee Valley Water 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**

Dee Valley Water 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. Dee Valley Water 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**

### **2.1 Process requirements**

#### **2.1.1 Confidentiality agreements**

At the start of negotiations for each individual access application, the licensee and the Company (whether acting as a primary or secondary water undertaker) shall agree and sign a pre-contract confidentiality agreement. The purpose of this is to ensure that neither party discloses without consent or misuses information received. Refer to Appendix B for a copy of the confidentiality agreement.

The confidentiality agreement shall not prohibit the Company from communicating with the sewerage undertaker.

The access agreement shall also include a confidentiality provision, which shall be binding on both parties when the contract has been made.

#### **2.1.2 Information requirements**

During the application process for both combined and retail supply arrangements, both the licensee and the Company will have specific information requirements. This is covered in more detail in section 2.3.

Specific information that is required to be completed and submitted by the licensee to the Company at appropriate stages of the process is detailed in the appropriate application forms; refer to Appendix A.

#### **2.1.3 Timescales**

Target timescales within which the Company will endeavour to complete various stages of the application process are set out in section 2.3. Achievement of these timescales could be affected if, for example, technical investigations are required. Also, as Dee Valley Water is a small water company without a dedicated team dealing with water supply licensing, competing urgent demands could compromise the Company's ability to deal with applications promptly and achieve target timescales in all cases. Notwithstanding this, the Company will use its best endeavours to achieve the target timescales.

#### **2.1.4 Application fees**

The Company is not allowed to recover from the licensee any of its costs for processing a wholesale or combined application for access.

### 2.1.5 Credit provisions and credit limits

To establish the credit-worthiness of the licensee, the Company will normally rely on the financial stability assessment carried out by Ofwat during its assessment of the licensee's application for a Water Supply Licence.

In terms of credit, the licensee will be treated no differently from other large user customers. No credit provisions or credit limits will therefore be applied to the licensee. Payments by the licensee are due on receipt of the invoice. For access charges, invoices will be based on monthly meter readings.

## 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 (see link in section 1.2 ii)).

### 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 each eligible premises by more than one licensee. However, each 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

When making a combined supply application to the Company, the licensee will follow a four-stage process. The stages, with target timescales in working days within which the processing of each will be completed, are as follows:

Stage 1 – Introduction	20 days
Stage 2 – Initial application	20 days
Stage 3 – Detailed application	50 days
Stage 4 – Detailed contract negotiation	40 days

Details of what each stage of the process entails are given below. A simplified flowchart illustrating the process and highlighting the respective responsibilities of the licensee and the Company is shown in figure 1<sup>2</sup>.

Access application forms that can be returned by email are available on the Company's website. Contact details are set out in section 1.1.

#### **i) Stage 1 – Introduction**

At this stage, the licensee will contact the Company to express an initial interest in negotiating terms for access and to clarify procedural issues. If the licensee already knows what is required by the Company from a previous, recent application to the Company, the stage can be omitted except for the joint signing of a confidentiality agreement.

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<sup>2</sup> A more comprehensive flowchart can be found in Ofwat's Guidance on Access Codes referred to in section 1.2.

The licensee will:

- make contact with the Company in writing or by email
- make contact with any third party sewerage undertaker, to allow it to confirm its information requirements at this stage
- inform the Company of the type of licence held and contact details (contact names, address and telephone numbers)
- request in writing or by email a meeting with the Company to discuss procedural issues, if required, and attend
- agree and sign a confidentiality agreement.

The Company will:

- respond in writing or by email setting out the basic information requirements, which will be based on the questions set out in the application form (combined supply – initial application); refer to Appendix A (within 5 working days of initial contact)
- arrange and attend a meeting to discuss procedural issues, if so requested by the licensee (within 10 working days of receipt of the request)
- offer a draft confidentiality agreement (within 10 working days of initial contact) and sign when agreed.

## **ii) Stage 2 – Initial application**

At this stage, the licensee outlines the supply proposal to the Company and the Company provides feedback on it.

The information requirements at this initial application stage are set out in an application form referred to in Appendix A. The information provided needs to be sufficiently detailed for the Company to carry out a high level assessment of the viability of the proposal in terms of, in particular, feasibility of connection, compatibility of water quality, hydraulic control in the supply system and security of the source.

The licensee will:

- submit to the Company a signed consent form from each customer that
  - states that the named customer has expressed an interest in the licensee becoming its new supplier
  - contains a waiver by the customer of any restrictions on disclosure by the Company which is necessary to disclose to the licensee for the purposes of the proposed new supply arrangements
  - has been signed, or verified by the customer as in force, no more than two months prior to being submitted
- submit a signed declaration that the licensee believes that the premises are eligible (section 2.2 refers)
- tell the Company the type of premises to be supplied

- submit an outline application to the Company including the completed application form (combined supply – initial application); refer to Appendix A
- set out in detail what it will require from the Company in order to provide its specified level of service to its potential customer (forewarning of possible changes in water quality or pressure or the risk of supply interruptions, for example)
- prepare an outline design and cost estimate for making any necessary connections to the Company’s supply system
- invite the sewerage undertaker to comment on aspects of the proposal that could affect it
- if the Company considers that the licensee’s proposal is not feasible and the licensee does not agree, refer the matter to Ofwat for a determination.

The Company will:

- review licensee’s submission
- specify in writing any further information it requires in order to assess the licensee’s initial application
- provide feedback in writing on the initial application (within 20 working days of receipt of all necessary information) including:
  - confirming or denying the basic feasibility of the licensee’s proposal in respect of the issues listed above and, if it believes that the licensee’s proposal is not feasible at this stage, setting out the reasons
  - the Company’s preliminary price and non-price terms
  - possible direct costs of entry
- discuss with the licensee whether it considers that the supply is likely to be a strategic supply<sup>3</sup>.

### **iii) Stage 3 – Detailed application**

At this stage, the licensee and the Company will clarify any issues arising from stage 2. The licensee will then submit a formal application to the Company but only in relation to the single option that is its preferred arrangement. The Company will assess the application and make a firm offer of access to the licensee.

The Company might need to request information from the licensee that is additional to that provided at the initial application stage. This additional information could include the following:

- water source: detailed risk assessment, evidence of abstraction licence and any associated conditions, average and peak deployable outputs with supporting information and contingency arrangements for drought periods or outages,
- flow information: peak, peak hour and peak day demands, forecast of customer’s demand and split between domestic and non-domestic demand,

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<sup>3</sup> Ofwat’s Guidance on Strategic Supplies, referred to in section 1.2, refers.

- water quality: comprehensive raw and treated water quality data, treatment processes in use or proposed, and target values for water quality at intermediate and final treatment stages
- other information: required levels of service to customer and any other services required of the Company.

Feasibility studies and tests might additionally be required to evaluate whether the proposal is possible and what the implications are, particularly in terms of the connection, water quality, hydraulic control of the supply system and security of the source. Feasibility studies for secondary supplies will only be undertaken after the Company has agreed in principle to allow the licensee and the secondary water undertaker to assess its supply system.

The aim is to complete this stage within 50 working days of receiving all the required information from the licensee and other parties such as DWI, Environment Agency, Strategic Health Authorities, National Assembly for Wales or Defra. It might take longer if a feasibility study is required or if further input is needed from any of the other parties.

The licensee will:

- meet the Company to clarify any issues arising from the feedback from stage 2 and what information is required in the detailed application
- keep DWI fully informed if it proposes to make a combined supply in potable supply systems and take due regard to guidance given by DWI on common carriage<sup>4</sup>
- submit to the Company the additional information requested by the Company to allow the technical feasibility of the application to be assessed
- provide information requested by any third party sewerage undertaker
- inform the Company of any information submitted at stage 2 that has changed, or if further relevant information has become available
- agree with the Company the scope for any feasibility studies or tests before they are started, and how the results will be shared
- modify the proposal, if necessary, in the light of the results of any feasibility studies or tests carried out by the Company.

The Company will:

- send a copy of the stage 2 assessment of basic feasibility to DWI for observations and to identify whether there are any key omissions relating to water quality
- meet the licensee to clarify any issues arising from the feedback from stage 2 and what information is required in the detailed application
- request water quality information from the secondary water undertaker, if there is one
- agree with the licensee and confirm in writing the scope of any feasibility studies or tests before they are started, and how the results will be shared

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<sup>4</sup> DWI Information Letter 13/2004 “Common Carriage Guidance on the Drinking Water Quality Aspects”, 23 November 2004 or any updates.

- carry out any feasibility studies and tests necessary to assess the application and determine proposed terms for access
- approach DWI if there are any water quality issues arising from the studies
- provide the licensee with a copy of the findings of the feasibility studies, if requested, and set out the decision on feasibility and the reasoning behind it then discuss what action is needed to take an application forward
- make a firm offer of access (price and non-price) in writing or by email to the licensee (within 10 working days of confirming the feasibility of the licensee's proposals with any necessary modifications), which will be subject to the execution by both parties of a formal written combined access agreement.

In carrying out the stage 3 detailed assessment, the Company will consider issues such as, but not limited to, the following:

- effect on the Water Resources Plan
- capacity of the supply system to cope
- compatibility of different waters
- modifications required on the supply system (changing DMAs, for example)
- impact on levels of service and acceptability of water to customers,
- potential water quality issues
- constraints likely to be imposed by the supply system (flow rate, pressure etc)
- adequacy of safety, security and contingency plans for the proposal.

#### **iv) Stage 4 – Detailed contract negotiation**

At this stage, the contract will be negotiated and concluded. The terms that are offered by the Company to the licensee at the end of stage 3 are open to discussion for up to 15 days. When the terms are accepted, the contract is executed. If agreement cannot be reached, the licensee may refer the matter to Ofwat.

The licensee will:

- either accept the terms offered at the end of stage 3 or instigate negotiations with the Company to change the terms offered in some respect
- when agreement on the terms is reached, sign the contract and return it to the Company (within 10 working days)
- if agreement cannot be reached by negotiation, refer the matter to Ofwat for determination<sup>5</sup>.

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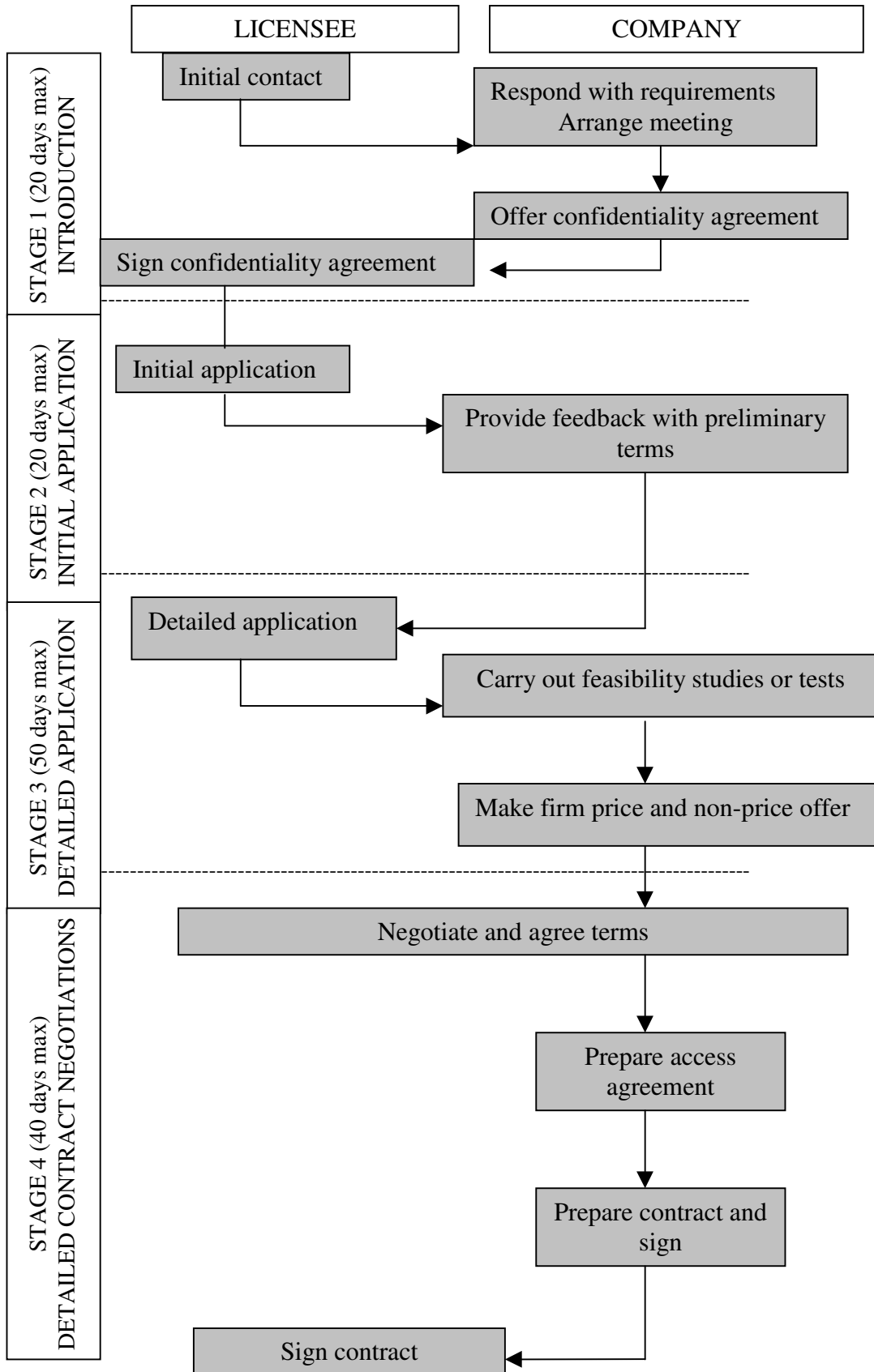
<sup>5</sup> Procedure for Handling Water Supply Determinations; Ofwat.

The Company will:

- discuss with the licensee any requested changes to the terms offered and modify the contract, if appropriate (for up to 15 working days)
- generate a unique premises reference number
- prepare a contract based on the agreed terms, (including an agreed transfer date) sign it and send it to the licensee (within 10 working days)
- advise the licensee's customer of the intended change of supplier and expected transfer date once there is a final acceptance of a firm offer.

The offer made to the licensee by the Company shall remain open for acceptance by the licensee for a minimum of 6 months. The Company can make an offer to another licensee, if requested, during this time. This will allow customers to compare different offers and therefore select the best deal. The Company may vary an offer in the event of a material change in circumstance, in which case any changes to the offer and the reasons for these will be communicated to the licensee. A subsequent offer supersedes an earlier offer; a licensee can only accept the most recent offer from the Company at any time.

**Figure 1 - Combined supply application process flowchart**



### 2.3.2 Wholesale supply arrangements

An application form that can be returned by email is available on the Company's website. Contact details are set out in section 1.1.

If at any stage of the process the licensee and the Company cannot reach agreement, matters may be referred to Ofwat for determination<sup>6</sup>.

#### **i) Wholesale master contract: agreement process**

For any licensee intending to enter into a wholesale supply arrangement with the Company, the first part of the process will be primarily the making of a wholesale master agreement between the licensee and the Company. This master agreement will cover all the main terms and conditions of wholesale supply arrangements that are not customer- or site-specific. Some issues regarding supply to the premises of the licensee's potential customer will also be discussed during this part of the process.

When the wholesale master agreement has been made, there will be a second part to the process in which the customer- and site-specific details will be agreed. This is described in the next sub-section.

Once a wholesale supply agreement has been made for first time, it is not envisaged that this part of the process will need to be repeated for subsequent applications unless terms and conditions need to be altered for any reason.

If agreement cannot be reached between the licensee and the Company on particular terms or conditions in the proposed wholesale master agreement, the option of removing the matters in dispute will be considered so that the discussions on the wholesale master agreement can be concluded. The matters in dispute would then be addressed as part of the customer-specific schedule (see sub-section ii). At this stage of the process, Ofwat have powers to make a determination on terms and conditions.

Refer to Appendix B for a copy of the draft wholesale master agreement.

There will be four steps to this first part of the process, as follows:

Initial contact:

- the licensee will make contact with the Company in writing or by email
- the licensee will contact the Company to request a draft wholesale master agreement and confidentiality agreement or will obtain them from the Company's web site
- the licensee and the Company will discuss issues regarding wholesale supply to the premises of the licensee's potential customer.

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<sup>6</sup> Procedure for Handling Water Supply Determinations; Ofwat.

Provision of documents:

- if requested by the licensee, the Company will provide draft wholesale master agreement and signed confidentiality agreement (within 3 working days of receipt of the request).

Negotiation:

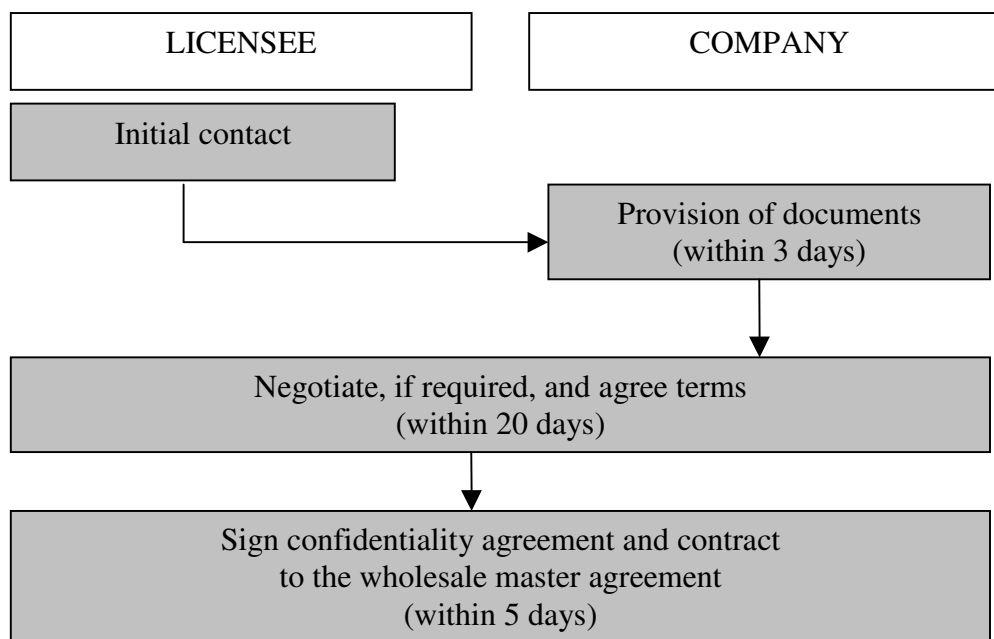
- if required, the licensee and the Company will discuss and negotiate the draft wholesale master agreement and any confidentiality issues
- the Company will generate a unique premises reference number
- to be completed within target timescale of 20 days from receipt of documents by licensee.

Acceptance:

- both parties sign the confidentiality agreement
- both parties sign the contract to the wholesale master agreement
- to be completed within target timescale of 5 days.

A simplified flowchart illustrating the process and highlighting the respective responsibilities of the licensee and the Company is shown in figure 2 below. A more comprehensive flowchart can be found in Ofwat's Guidance on Access Codes referred to in section 1.2.

**Figure 2 - Wholesale master agreement process flowchart**



The Company may terminate the access agreement at the request of the licensee, or for non-payment by the licensee or for breaching the access agreement. The circumstances which entitle the Company to terminate the access agreement are detailed in the wholesale master agreement.

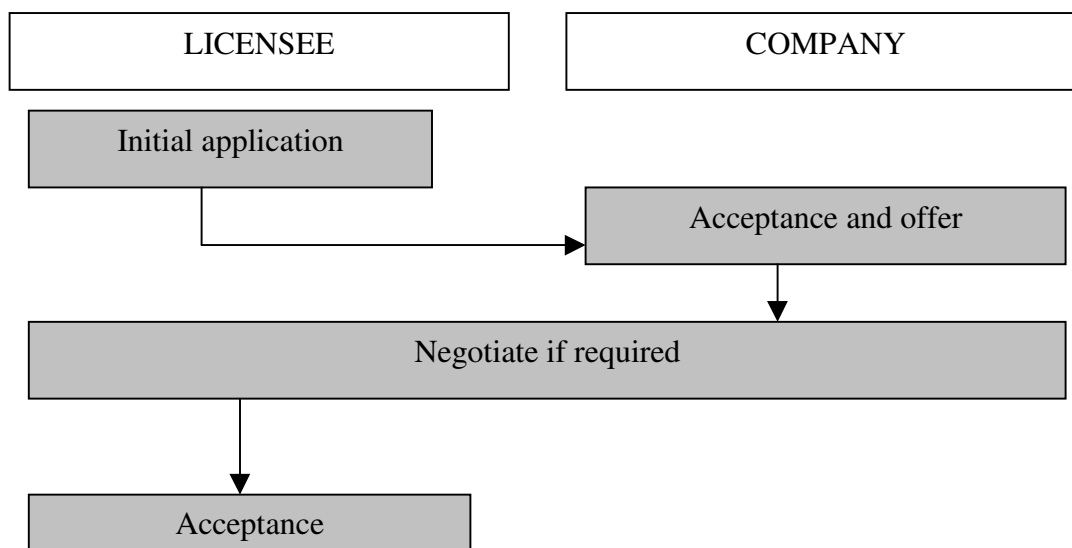
Termination will result in the supply to the licensee ceasing, notwithstanding the Company's interim duty to supply.

## ii) Data exchange to create contract schedules for wholesale applications

As stated above, the second part of the process addresses customer-specific and site-specific aspects of the wholesale application. The details will be covered by a schedule to the wholesale master agreement setting out the period, terms and conditions relating to the specific customer and premises.

There are three steps to this part of the process which are described below. A simplified flowchart illustrating the process and highlighting the respective responsibilities of the licensee and the Company is shown in figure 3. A more comprehensive flowchart can be found in Ofwat's Guidance on Access Codes referred to in section 1.2.

**Figure 3 - Wholesale supply application process flowchart**



### Initial application:

- the licensee will submit to the Company a consent form that has been signed, or verified as in force, by the customer no more than two months prior to being submitted at the initial application stage
  - that states that the named customer has expressed an interest in the licensee becoming its new supplier
  - that contains a waiver by the customer of any restrictions on disclosure by the Company which is necessary to disclose to the licensee for the purposes of the proposed new supply arrangements
- the licensee will submit an outline application to the Company including the completed application form (wholesale supply application); refer to Appendix A

- the licensee will notify the sewerage undertaker of the possibility of the customer transferring to another supplier or of any premises connecting to the distribution system for the first time, to enable it to start billing the new customers (see also sub-section iii)) and to confirm its information requirements at this stage.

Company's acceptance and offer:

- the Company will determine whether or not the application is valid and inform the licensee of its verdict within five working days of receipt the initial application
- the Company will provide an access price (with a schedule showing how it has been calculated) to the licensee within 15 working days of receipt the initial application
- the Company will provide to the licensee the schedule to the wholesale master agreement, signed by the Company
- the offer made by the Company to the licensee will remain open for acceptance by the licensee for six months
- the offer made by the Company to the licensee may be varied in the event of a material change in circumstances; the licensee can only accept the most recent offer by the Company at any time.

Licensee's acceptance:

- if required, the licensee and the Company may negotiate the offer
- when the terms of the offer are agreed, the licensee will sign the schedule to the wholesale master agreement.

### 2.3.3 Provision of information to the sewerage undertaker

#### i) **Combined supply arrangements**

The licensee shall be responsible for liaising with and providing information in a timely manner to any sewerage undertaker affected by the licensee's proposals. According to Ofwat's guidance<sup>7</sup>, the licensee will need to deal with a sewerage undertaker at the following stages:

Stage 1:

- to notify it of the possibility of the customer transferring to another supplier
- to notify it if any premises are connecting to the Company's supply system for the first time, to enable it to start billing the new customer
- to confirm any other information requirements from the licensee.

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<sup>7</sup> Access Codes Guidance; Ofwat.

Stage 2:

- to have the opportunity to comment on aspects of the proposal that could affect its ability to acquire details for billing, or that may have an impact on its other operational processes.

Stage 3:

- to request further information from the licensee following the detailed application.

## **ii) Retail supply arrangements**

The sewerage undertaker shall be given the opportunity to comment on aspects of the licensee's proposal that could affect its ability to acquire details for billing, or that may impact on its operational processes.

At the initial application step in the application process, the licensee shall contact the sewerage undertaker to ask what information it will require from the licensee. The licensee will then submit this information to the sewerage undertaker.

### 2.3.4 Objections and rejection process

Sections 66A-66C WIA91 contain conditions which, if satisfied, prevent the duties on the Company as a primary water undertaker as set out in section 1.3.1 i) above from arising. These conditions are set out in section 1.3.1 iii).

Water undertakers, licensees (in the case of a customer transferring from one licensee to another), DWI, secondary water undertakers and other relevant parties may discover during any stage of the application process that an application cannot be progressed. As well as the statutory conditions under which the duties as a primary water undertaker do not apply, the following list gives examples of the types of objection that might arise during the application process, (see section 3 for details on customer transfer objections between water suppliers):

- the incoming supplier has provided insufficient or incorrect details to the relevant parties to allow the customer to transfer
- refusal by the licensee to provide necessary information
- the water undertaker or earlier licensee considers that the customer's premises are not eligible<sup>8</sup>
- an application by another licensee to supply the customer has been accepted

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<sup>8</sup> The Company is not expected to assess whether the eligibility requirements are satisfied; this is the licensee's responsibility. However, in case the Company knows of valid reasons that the licensee is unaware of why certain premises are ineligible, this provision allows the Company to raise any concerns about eligibility with the licensee.

- the licensee's proposals are impracticable, for example, unfeasible hydraulic conditions
- unacceptable water quality implications
- concerns over source risk assessment
- national security reasons.

If any party makes an objection, it should give the licensee full reasons for the objection in writing as soon as it becomes aware of a problem. If it is the Company that raises the objection, it will additionally comply with any requests for a meeting to discuss the objection and will use its best endeavours to negotiate a solution that enables the application to progress.

The licensee can refer any case to Ofwat to determine whether any of the sets of conditions summarised in section 1.3.1 iii) which could prevent the duties on the Company under sections 66A-66C WIA91 from arising are satisfied.

If any objection is made to an access application, the licensee may ask Ofwat for a determination where agreement cannot be reached.

Ofwat has issued a procedure for handling determinations<sup>9</sup>.

If the Company is the primary water undertaker, the licensee may request details of any outstanding debt owed by customers in relation to the premises named in the application. Ofwat expects the parties to make appropriate arrangements for the repayment of any outstanding water debt before the final change of supplier takes place under the CTP. If a customer has outstanding debt and no arrangement has been made for its repayment or the assignment of the debt to the incoming supplier, it is possible to raise an objection as part of the CTP. As the debt position or negotiations about its payment might change throughout the application process, the correct point to check the debt position is immediately before the transfer to a new supplier is due to take place. Debt to the sewerage undertaker and other debts should not be reasons for objection to a customer transfer. It is for the licensee to decide whether they wish to take on a customer, having considered its credit record.

## **2.4 Access criteria**

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

Dee Valley Water (The Company) is required under the Water Industry Act 1991, as amended, to supply water that is wholesome and fit for human consumption. The regulatory requirements to achieve this are set out under the Water Supply (Water Quality) Regulations 2001. These regulations cover a number of areas including frequency of analysis, investigations, water treatment and reporting requirements both to the Drinking Water Inspectorate and local councils and health boards. The Company will expect any licensee's source, for input to the Company's network, to meet these requirements as a minimum.

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<sup>9</sup> Procedure for handling water supply licensing determinations; Ofwat.

i) Quality parameters

In addition to the water quality parameters set out in the aforementioned regulations, a number of other parameters relating to water quality will be assessed when appraising any application to ship or supply water. These include:

- The assessment of raw water quality prior to treatment in accordance with regulation 15 of the Water Supply (Water Quality) Regulations 2001 (see link in section 1.2.i)).
- A risk assessment to be carried to establish whether there is a significant risk from contamination of the source by cryptosporidium as required by regulation 27 of the Water Supply (Water Quality) Regulations 2001.
- Also: aesthetic parameters; ie taste and odour, colour and turbidity  
biological parameters; animalcules and biofilm growth  
disinfection residuals/type; ie free & total chlorine, chloramination and  
ozone  
fluoridation  
nitrates  
iron & manganese  
trihalomethanes  
bromide/bromate  
plumbosolvency optimisation  
pH; acidity and alkalinity stabilisation.

Any water introduced into the Company's water supply system must be compatible with the water already in supply and any combined supply may require to be assessed using network modelling to determine any potential effects on water quality. In addition an assessment will be made ensuring that any water introduced into the Company's water supply system complies fully with Water Supply (Water Quality) Regulations 2001 and the Company and the Drinking Water Inspectorate must be satisfied that the licensee meets the requirements of these regulations and that all other water quality issues have been addressed. All such studies for this assessment to be carried out prior to any blending of supplies.

Where the Company practices chloramination the licensee will be required to ensure that disinfection and operational procedures are compatible with that process.

Frequency of sampling and analysis is as required by the aforementioned regulations and the licensee will be required to undertake operational monitoring on its operations (eg raw waters, treatment works processes etc) in accordance with these regulations. Frequency of sampling is specified in Tables 2 and 3 of Schedule 3 of the Regulations with regard to water supply zones and supply points and Regulation 13 for treatment works.

There will be no detriment to levels of service to any customers supplied by the Company. The operating regime for the network will reflect the risks borne by the Company.

## ii) Special circumstances relating to water quality standards

Temporary derogation from water input quality parameters will not be possible on a day to day basis. However, in certain extreme circumstances such as severe drought, it may be possible to allow a temporary derogation to those water quality parameters where it does not result in the overall output water quality falling below the standards set out in the Water Supply (Water Quality) Regulations 2001. Any derogation will be subject to written application of the licensee to the Secretary of State to authorise in accordance with regulation 21 a departure from the provisions of Part III of the Regulations in so far as they relate to a parameter specified in Part II of Table A or in Table B in Schedule 1.

Currently the Company's supply networks are not fluoridated, however this is under review in England, but not yet in Wales. Should the Company fluoridate supplies, the licensee will be required to ensure that an equivalent concentration of fluoride will be contained in the water entering the Company's supply system.

Some of the Company's treatment works processes include a conditioning stage in order to control plumbosolvency. Where conditioning is undertaken by the Company the Licensee should include similar conditioning to match it.

### 2.4.2 Water flow and pressure

Flow and pressure regimes vary across the Company's supply system. For a combined supply, it is therefore not possible to specify in detail what pressure and flow requirements the licensee must satisfy at the point of entry. However, in assessing the requirements, the following factors will be considered:

- the pressure and its control needed at the point of entry in order to be able to introduce water at the agreed flow over the agreed balancing period
- the pressure at the point of entry needed for compatibility with the Company's prevailing pressure control strategy aimed at minimising leakage whilst satisfying the level of service for pressure (required pressures could vary through the day)
- pressure surges to be avoided
- flow velocities controlled to avoid re-suspension of sediment
- the capacity of treated water storage within the supply system to accommodate imbalance between the licensee's inflow and the customer's demand pattern
- optimised pump scheduling for efficiency.

The flow and pressure requirements will be established during the assessment of the detailed application and specified in the access agreement.

### 2.4.3 Water quality sampling and monitoring

For combined supply arrangements, the water quality monitoring regime of the licensee's supply, including the number and age of the sample set, will be agreed with the Company and will include external audit requirements. The age of the sample set will be in line with that recommended by the Standing Committee of Analysts. The conveyed water shall be fit for domestic use within the meaning in Section 218 of the Water Industry Act 1991. Unless otherwise agreed, the licensee shall monitor water quality in accordance with DWI requirements as a minimum with the Company specifying additional monitoring requirements to suit specific circumstances (eg source type, time of year, operational, aesthetic) including risk assessments and updates (eg *cryptosporidium*, catchment, treatment process etc). The Company will specify the arrangements required for transfer/disclosure of water quality data (especially in emergency) and the provision of telemetry data from the licensee's treatment works.

The Company will comply with instructions given from time to time by the quality regulators and will expect the licensee to do likewise.

All water quality analysis shall be carried out by a laboratory that is UKAS accredited for analysis. Monitoring will be undertaken by the licensee. All costs of water quality sampling and analysis for water supplied by the licensee up to the point of entry will be borne by the licensee.

The Company will, following agreement with the licensee, monitor the water quality at the licensee's point of entry and charge the licensee for this on the basis of actual cost.

Based on the monitoring regime currently being practised on the Company's own plants, the Company also reserves the right to specify water quality monitoring equipment (and its calibration and maintenance) such as online turbidimeters, chlorine monitors etc and to specify analysis methodologies etc.

The Company will retain responsibility for water quality at tap in Water Quality Zones (WQZ). This includes the carrying out of sampling in WQZ, responsibility for liaison with DWI, Health Authorities etc. for incidents, events and outbreak control.

Arrangements will be agreed between the Company and the licensee on arrangements required for the transfer or disclosure of water quality data particularly in an emergency.

Off-take samples at the licensee's customers' taps will be taken by the Company, reflecting its network management role.

Any sampling by the Company will not replace any of the licensee's obligations as a licence holder. All costs associated with such sampling and analysis will be borne by the licensee.

Water quality at all points in the network is of paramount concern. The minimum evidence the Company would expect to receive to support any application, irrespective of the point within the network, would include compliance with all aspects of the current Water Supply (Water Quality) Regulations 2001.

The licensee must inform the Company immediately of any failure or abnormality in treatment process/water quality; the Access Agreement will:

- specify circumstances when the licensee must inform the Company owner immediately of water quality problems (by parameter)
- specify circumstances when licensee must turn-off supply immediately (by parameter).

The Company reserves the right to turn off licensee's supply in defined circumstances.

The licensee will be responsible for the appropriate reporting covering its areas of responsibility to the DWI, the EA, Ofwat and any other such bodies who have a valid requirement.

The provision of non-potable water supplies by the licensee will be considered only after studies, including blending where appropriate, have shown compatibility with existing supplies and fitness for purpose with customer processes.

#### 2.4.4 Volume measurement

For combined supply arrangements, the licensee will be required to install, maintain and operate appropriate control equipment at the point of entry to be able to control flow and pressure of the introduced water to achieve the specified criteria. The input meter shall be a continuously recording electronic flow meter suitable for potable water applications. It should be IP 68 rating with the flow range and accuracy noted below. It should also be able to have calibration verification to comply with regulatory requirements without the need to remove the sensor (or meter) from service.

- 1500:1 flow range
- accuracy to 0.15%
- hazardous area approved
- UKWFBS listed
- WRAS approved.

Also, 24 hour telemetry data transfer is required together with daily manual integrator readings.

The input meter and any control equipment such as control valves shall be installed with a valved bypass to allow maintenance without interrupting the licensee's supply of water into the Company's supply system.

### **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-----

For now, the Company's contact details to be used for CTP data transfers only can be taken as follows. If there is any change, the revised contact details will be included in the access agreement.

Company: Dee Valley Water  
Contact: Customer Services Manager  
Email: [customer.services@deevalleygroup.com](mailto:customer.services@deevalleygroup.com)  
Telephone: 01978 833200

### **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**

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

For combined supply arrangements, the licensee is required to introduce water into the Company's supply system only sufficient to meet the exact demand of its customer, taking no account for potential leakage in the supply system. The Company's responsibility for leakage in the supply system is unchanged by any combined supply arrangements.

The customer of a licensee is responsible for on-site leakage, which is counted as part of its supply.

As part of its leakage control activities, the Company employs permanent flow loggers on the revenue meters of some of its largest customers. The data from these are downloaded routinely. Unless specifically arranged otherwise, the Company at its own cost will continue to carry out this function at the meter of any customer who transfers to a licensee. The licensee shall be responsible for ensuring that the loggers are not interfered with and that access to them is maintained.

As a result of the introduction of water to the Company's supply system by the licensee the pressure in the supply system could increase. If this is the case, the Company may need to increase its leakage detection activity to achieve its leakage targets. Any additional costs arising from this increased leakage activity will be taken into account in the access price.

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

If water is unaccounted for but not lost through leakage it will be deemed to be stolen. It is the responsibility of the licensee to co-operate with the Company in securing the supply system from theft. As soon as the licensee becomes aware of or suspects that there is unauthorised use of water from anywhere in the Company's supply system, the licensee should inform the Company.

Water that is stolen after the point of delivery at the premises of the licensee's customer will be the responsibility of the licensee's customer. It is the customer's responsibility to prevent illegal connections on his private pipework.

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

The Company is responsible for the provision of water for fire fighting purposes. The licensee will not be charged for water used for the purpose of fire fighting.

If a licensee's customer requests the installation of a fire hydrant near to its premises under section 58 WIA91, the cost will be recoverable in accordance with section 147 WIA91.

#### 4.1.2 Drought and Water Resources Plans

The Company will remain solely responsible for preparing, maintaining and implementing the drought plan and the water resources management plan for its supply area. The licensee has a duty to provide the Company with such information as required for the purposes of preparing or revising these plans under sections 39C and 37C WIA91 respectively.

During the detailed application stage of the application process, the licensee shall submit to the Company detailed information on its proposed resources and demands to enable the Company to revise its drought and water resources management plans. The extent and level of detail of the required information will be as necessary to meet the reporting requirements of the Environment Agency<sup>10</sup>. This information will also be used to identify any issues about levels of service or potential shortfalls in the licensee's supply under any circumstances that might need to be accommodated in the access agreement.

The information required by the Company from the licensee in order to fulfil its statutory duty to prepare and maintain its water resources plan<sup>11</sup> will be specified in detail in the access agreement. It will include the following:

- deployable output with level of service, outage allowance and critical period<sup>12</sup>
- dry year demand forecast<sup>13</sup>
- target headroom
- emergency storage, if any.

The Company might require additional information to be able to make its assessment and meet its statutory obligations with regard to submission of the plans.

Water resources management plans have to be revised at five-yearly intervals or more frequently if a material change of circumstances is indicated following an annual review or if directed to do so by the Secretary of State. The plan will probably have to be revised to accommodate any licensees making use of the Company's supply system, particularly if the licensee is providing a retail supply to a new customer or any combined supply.

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<sup>10</sup> Based on the latest version of EA's Water Company Drought Plan Guideline and Water Resources Planning Guidelines.

<sup>11</sup> In accordance with EA's Water Resources Planning Guideline.

<sup>12</sup> Based on EA's Reassessment of Water Company Yields, 1997.

<sup>13</sup> Based on the latest version of Water Resources Planning Guidelines.

In addition to the submission of water resources information by the licensee to enable the Company to carry out its initial review of its drought and water resources management plans, updated versions will have to be submitted at intervals for the subsequent periodic reviews by the Company.

The Company will retain responsibility for applying for drought orders and restrictions on non-essential use. The drought plan will probably have to be revised to accommodate any licensees making use of the Company's supply system.

The licensee and the Company will decide by agreement whether or not their respective customers will be subject to the same restrictions subject to the non-discrimination requirements set out in the Company's condition of appointment R. For combined supply arrangements, the level of service on which the deployable output of the licensee's source is based will influence any agreement that has to be reached between the licensee and the Company on the risks of interruptions and frequency of restrictions to the licensee's customer during a drought. The licensee has a duty to comply with reasonable instructions from the Company in relation to matters specified in its drought plan which are not the subject of a drought order or drought permit<sup>14</sup>.

Drought plans have to be reviewed at three-yearly intervals or more frequently if there is a material change in circumstances or if directed to do so by the Secretary of State. A new combined supply might constitute a material change of circumstance; this will be established when details of the combined supply arrangement are known.

#### 4.1.3 Telemetry requirements for supply system control

For combined supply arrangements, the licensee shall have in place telemetry systems that allow real time relaying of key performance data to the Company's operational monitoring system. As a minimum this would be expected to include flow, pressure and key water quality parameters such as chlorine residual levels (section 2.4.3 refers). The full range of required parameters will depend on the licensee's (or secondary water undertaker's) treatment process and will be specified in the access agreement.

The Company employs more than one telemetry system, and the actual system types can change over time as assets are replaced. Ideally, the licensee's telemetry equipment should be compatible with the Company's equipment but it is accepted that realistically this may not be feasible. The issue of compatibility of telemetry systems and the need for provision of interfaces will therefore be addressed during the application process. Costs for interfacing the licensee's telemetry with the Company's will be the responsibility of the licensee.

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<sup>14</sup> Condition 4 of Standard Conditions of Water Supply Licences.

#### 4.1.4 Secondary connections

The licensee is expressly prohibited from sub-letting or by any other means allowing access to the Company's supply system.

#### 4.1.5 Supply system maps and plans

The Company will share with the licensee maps and plans of its supply system to the extent considered appropriate by the Company subject to reasonable and objectively justifiable conditions about security and copyright. The licensee shall similarly share relevant maps and plans. This will normally be at the detailed application stage.

The licensee shall ensure that sufficient information is provided to allow the Company to update its GIS records covering all of its supply system assets. The information requirement will be specified in the access agreement.

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

For combined supply arrangements, the licensee shall have systems that allow remote operation of the supply of water at the point of entry to the Company's supply system. In the event of water quality going outside the agreed quality bands, the Company will require automatic fail-safe shutdown to protect water quality to both the Company's and the licensee's customers. Also, if there are supply system failures such as a major mains burst that require supplies to be shut down, the Company has to be confident that the licensee has in place systems such that can respond immediately at all times. Actions could include reducing the supply to less than the normally agreed flow or fully shutting off the supply. Depending on the Company's assessment of the adequacy of the licensee's control systems, particularly in the event of faults, failures or water quality contravention, the Company may require access to the licensee's monitoring data and systems.

The licensee shall ensure that there is a sampling point<sup>15</sup> at the point of entry and that Company's personnel have access to it at all times.

## 4.2 Metering services

### 4.2.1 Meter asset management

For combined supply arrangements, unless specifically agreed otherwise, the licensee shall own and be responsible for the meter at the point of entry to the Company's supply system. This meter shall be on the licensee's own infrastructure. It might need to be linked to the Company's telemetry system (see section 4.1.3). The licensee shall be responsible for maintenance of the meter and shall have it tested and corrected periodically in line with the manufacturer's recommendations.

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<sup>15</sup> To comply with Water Supply (Water Quality) Regulations 2001 and all amendments.

If the licensee's customer was previously a customer of the Company, there will already be a suitable meter at the supply point. In this case, the Company will continue to own and be responsible for the meter. The Company will also maintain the meter and replace it in accordance with the prevailing asset replacement policy.

Where there is no existing meter at the supply point of the licensee's customer, notwithstanding whether the customer will be charged on a measured or unmeasured basis, the Company requires a meter to be installed. It shall be installed at the supply point as near to the customer's boundary as practicable and comply with the Company's prevailing specification for revenue meters appropriate for flow balancing and demand monitoring.

**i) Metering solutions available**

The Company currently reads all of its revenue meters visually. No remote meter reading technology is employed.

**ii) Meter installation**

Where a meter needs to be installed at the supply point for a new customer, the licensee can either request the Company to install the meter or arrange for it to be installed by an appropriately qualified self-lay organisation<sup>16</sup>. In either case, ownership and responsibility for the maintenance of the meter can rest with the licensee or the Company; this will be agreed during the detailed negotiation stage.

The Company's scheme of charges does not cover the installation of meters of the size required for eligible customers. The Company's charge for installing bulk meters can be provided on request when the details of size and location are known.

**iii) Meter maintenance**

The Company does not currently provide meter maintenance services externally. However, if requested by the licensee, the Company will discuss provision of such services.

**4.2.2 Meter calibration and verification**

The operation of a combined supply arrangement will rely on accurate inflow meters. The licensee will need to be able to satisfy the Company that it has in place adequate measures to maintain the reliability and accuracy of its inflow meters (refer to section 2.4.4 for specification). Details of the licensee's proposed meter calibration, verification and maintenance procedures will need to be provided to and approved by the Company.

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<sup>16</sup> In accordance with the Water Industry Act 1991 as amended by the Water Act 2003.

The Company does not currently provide meter calibration and verification services.

#### 4.2.3 Meter reading and meter reading verification

For combined supply agreements, the licensee shall be responsible for reading and recording the meter at the point of entry and shall submit the readings to the Company for reconciliation with the supply point meter readings and the integrated flow readings by telemetry. In the event of discrepancy in either reconciliation, it is expected that the Company and the licensee will work together to resolve the discrepancy and agree usage.

The licensee shall be responsible for reading meters at its customer's premises, but it will share meter and meter reading information with the Company. The frequency of meter readings shall be agreed between the licensee and the Company but shall not be less than monthly. The readings provided by the licensee shall be in a format suitable for manual inputting to the Company's system. The Company will read meters at the supply points annually as a check.

The licensee shall also be responsible for sharing the meter readings with the sewerage undertaker. The frequency of these readings shall be as agreed between the licensee and the sewerage undertaker.

The Company's billing system checks meter readings for exceptionally high or low consumption. This is to identify possible misreadings or leakage which, if suspected, are then investigated. The licensee shall employ a similar verification system.

In the event that agreement on meter readings cannot be reached, the procedure for dispute resolution shall be employed.

### 4.3 Supply system balancing

#### 4.3.1 Strategic balancing

Due to limited treated water storage within the supply system, there is only limited scope for optimising the operation of pumping plant for efficiency. Other factors, such as reliability of supply, generally dictate operation of the supply system. Balancing of the system is carried out on a continuous basis by the Company's 24 hour manned control room.

##### i) Annual supply planning

The Company's prevailing water resources management plan shows that there is sufficient headroom over the forecast period based on the assessed deployable output of resources and the demand forecast. The key factors that the Company monitors throughout the annual cycle are:

- that the resources situation is adequate as judged against operational control curves
- water demand is in line with (or less than) the forecast.

Under normal circumstances and subject to compliance by the licensee with the information and other requirements set out in this access code, retail or combined supply access arrangements should be accommodated without affecting the supply/demand balance position.

Factors such as outage of any of the source works, excessive demand or drought more severe than that on which deployable outputs have been based can all affect the normal operation of the resources and supply system. Under these circumstances, the Company would keep the licensee informed about status and might need to involve the licensee in longer term supply planning.

The effect of the licensee's proposed supply arrangement on the Company's water resources management plan will be assessed as described in section 4.1.2). Annual supply planning is based on the forecasts in this plan taking account of the factors described above. In practice, the Company will need to know whether and to what extent the licensee's deployable output (if applicable) or customer's demand will differ from the initial forecasts. This information, or confirmation that the forecast remains valid, will be needed annually. In the event of either a reduction in the deployable output for any reason, an unplanned outage for example, or an unexpected increase in demand, the licensee shall inform the Company without delay so that the consequences can be assessed and timely mitigating measures implemented as necessary.

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

Water undertakers have statutory duties (sections 52 and 55 WIA91) to supply water to existing and new customers for domestic and non-domestic purposes. These duties are relevant in the event that a licensee ceases to supply a customer.

For combined supply arrangements, sections 66G and 66H WIA91 allow Ofwat to designate as strategic one or more introductions of certain water supplies by a licensee into a water undertaker's supply system. The trigger for designation as a strategic or collective strategic supply is that, without the introductions being made, there is a substantial risk that the water undertaker would be unable to maintain supplies to its own customers with water for domestic and non-domestic purposes as well as supplying the licensee's customers with water for domestic purposes.

Sections 66G(3) and 66H(3) WIA91 allow either the water undertaker to ask Ofwat to make a determination on a strategic supply designation, or allow Ofwat to make a determination. Ofwat would also consider making a designation if approached by a licensee or a customer. While an application for a strategic supply can be made at any time, the Company and the licensee shall discuss in the early stage of an application whether a supply might be strategic as this may affect the access charge. The access agreement will include provision for discussion of strategic supply status at any time during the life of the agreement.

Designation of a licensee's combined supply as strategic means that the licensee would become subject to special administration procedures<sup>17</sup>. The licensee shall at all times ensure that, if a special administration order were made in relation to it, the licensee would have available to it sufficient rights and assets to enable the special administrator to manage the affairs, business and property of the licensee so as to ensure that the purpose of that order could be achieved.

Supplies to eligible customers of a retail licensee are not taken into consideration in the designation of a combined supply as strategic in the same water resource zone. The licensee supplying customers in accordance with a retail authorisation is responsible for making the customers aware of the risk that their supplies might not be protected by the strategic supply designation process if a combined licensee is unable to introduce water because it has become insolvent.

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

The obligations on the Company to maintain supplies to a licensee's customer in the event that the licensee ceases to supply the premises are explained in subsection ii) above and iv) below. There is no statutory obligation on the Company to be a "supplier of last resort".

The ability of the Company to offer this additional optional service will depend on whether the Company can forecast that it will have an adequate and available supply of water that can be directed to the customer. Without the agreed provision of a back-up supply, which will be defined in the access agreement, the Company will not specifically keep water in reserve other than is required to fulfil the interim duty to supply.

Provision of any back-up supply service will be included in the access charge.

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<sup>17</sup> Sections 23-26 WIA91

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

Section 63AC WIA91 provides that if a licensee ceases to supply any premises with water, the water undertaker is under an interim duty for up to three months to continue the supply of water to those premises under certain conditions. The interim duty to supply only applies if the owner or occupier of the premises has not notified the water undertaker that he has made arrangements for the continuation of the supply of water to the premises or that he intends any supply of water to the premises to cease. The conditions are that the provision of the supply would not put at risk the Company's ability to meet its existing supply obligations and its probable future obligations to supply water for domestic purposes or require unreasonable expenditure to do so<sup>18</sup>.

The Company will charge the licensee's customer for the water provided under the interim duty to supply.

The duty applies until a supply is made under section 52 or 55 WIA91 or the licensee serves a notice on the customer that the supply is to be discontinued. This notice must not be served until at least three months after the day on which the supply by the licensee ceased.

The interim supply duty does not apply if it would put at risk the water undertaker's ability to meet its existing supply obligations and its probable future obligations to supply water for domestic purposes or require unreasonable expenditure to do so.

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

The Company does not currently offer any interruptible tariff options but would be prepared to discuss the possibility with the licensee during the application process if requested.

#### 4.3.2 Flow balancing and reconciliation processes

The Company will be responsible for balancing the aggregate demands on the supply system including making good the water lost through leakage.

For combined supply arrangements for both potable and non-potable supplies, the licensee is required to introduce into the Company's supply system only sufficient water to meet the exact demand of its customer, taking no account for potential leakage in the supply system. The extent to which the flow rate of the water introduced into the Company's supply system by the licensee at the point of entry shall match the consumption of the licensee's customer at the supply point has to be considered on a case-specific basis. It will depend on factors such as treated water storage and flow capacity in the supply system.

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<sup>18</sup> Section 63AC(5) WIA91.

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

For wholesale supply arrangements for potable or non-potable supplies, the access agreement will specify in what format and how frequently the licensee shall provide the demand profile of its customer to enable the Company to balance supply against demand in its supply system.

The information on flow is basically the same as the information that is required to be submitted in the wholesale supply application form (Appendix A). Updates will normally be required annually at a time of year that will be specified in the access agreement. Information on expected deviations from flow forecasts will also be required as they occur giving the Company as much advance notice as possible. The tolerance on the deviation outside of which the Company needs forewarning will depend on the individual circumstances and will therefore be defined in the customer schedule.

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

For combined supply arrangements for potable or non-potable supplies, the access agreement will specify the information that the licensee shall provide to the Company to enable it to balance supply against demand in its supply system.

The information on flow is basically the same as the information that is required to be submitted in the combined supply detailed application form (Appendix A). Updates will normally be required annually at a time of year that will be specified in the access agreement. Information on expected deviations from flow forecasts will also be required as they occur giving the Company as much advance notice as possible (for outages of the licensee's inpu, for example). The tolerance on the deviation outside of which the Company needs forewarning will depend on the individual circumstances and will be agreed at the detailed negotiation stage and defined in the access agreement.

**iii) Imbalance accounting and reconciliation**

For wholesale supply arrangements for potable and non-potable supplies, imbalances between the licensee's forecast of customer usage and actual usage will not normally cause any problems for the Company. The licensee will be billed (normally monthly) for the volume of water supplied to the licensee's customer. At some locations, actual usage by the customer that exceeds the forecast usage on which the operation of the supply system is based could affect the supply to other customers of the Company or other licensees. If this occurs, the licensee will pay the Company the cost of any compensation that is required to pay to customers or other licensees as a result (for poor water pressure, for example). The likelihood of this as an issue will be raised during the application stage and included in the customer schedule and reflected in the tolerance on deviation referred to in sub-section i) above.

For combined supply arrangements for potable and non-potable supplies, imbalances could occur between introduced supply and the licensee's customer's demand as a result of differences between the following:

- 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.

Of these, the only imbalance that is likely to be an issue is between the licensee's actual input and the customer's actual usage. The time period over which input and usage will be reconciled will be case-specific depending on factors referred to above. The basic time period for imbalance accounting will be a month; any difference (day or hour, for example) will be identified during the detailed negotiation stage and defined in the access agreement.

For an imbalance accounting period of a month, small differences may be corrected by adjustments to supply in the following month. Large variations might be corrected over longer periods by agreement. Significant or repeated shortfalls in input will be charged for. The tolerances on the imbalance over the accounting period that dictate the reconciliation action will be defined in the access agreement.

#### **iv) Peak season and off-peak reconciliation**

Under some circumstances, there are seasonal influences on the manner in which the Company operates its supply system. This will have to be considered on a case-specific basis in the derivation of the imbalance accounting period as explained in sub-section iii) above.

## **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**

The Company will retain primary responsibility for managing and co-ordinating emergency procedures<sup>19</sup>. The licensee will be required to provide full support as requested<sup>20</sup> and as defined within the access agreement. The Company will specify the requirements for security and emergency planning procedures which should be tested.

The Company will normally learn of problems in the supply system before the licensee, through customer complaints, telemetry data etc. The Company operates 24 hour manned control rooms that monitor and control the supply system via telemetry. Regardless of whether it is the Company or the licensee that first becomes aware of a supply system problem, both parties have responsibilities to deal with the problem and its effects as quickly as possible. The general responsibilities of the two parties are as follows.

#### **i) Responsibility of water undertaker**

It is the responsibility of the Company to:

- inform the licensee that a problem has arisen that could affect its supply or its customer as early as possible
- inform the licensee of the nature of the problem, actions to be taken and an estimate of timescales
- keep licensee informed of progress and of resolution of the problem
- keep records of all customer contacts.

#### **ii) Responsibility of licensee**

In combined supply arrangements, it is the responsibility of the licensee to notify the Company immediately of any suspected problem that could affect the supply system. Such problems could include but not be limited to the following:

- volume of supply
- water quality
- interruption of supply
- operational failure or malfunction.

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<sup>19</sup> Refer to Defra's Security and Emergency Measures (Licensed Water Suppliers) Directions 2006.

<sup>20</sup> And in accordance with Defra's Security and Emergency Measures (Licensed Water Suppliers) Directions 2006.

Due to the continuous nature of water supply, the licensee is required to have available at all times suitable staff to diagnose and deal with any problems that arise with its supply operations and liaise with the Company during any problems. The licensee's proposals for achieving this objective shall be subject to the approval of the Company.

The licensee, whether for combined supply or wholesale arrangements, is also required to maintain a current record of all customer contacts in a format to be agreed with the Company.

### 5.1.2 Quality issues

The Company, and the licensee in a combined supply agreement, are responsible for regulatory sampling and analysis of water leaving their respective treatment works and at their customers' taps and reported to DWI<sup>21</sup>.

The Company is also required to carry out regulatory sampling and analysing of water quality at service reservoirs. In addition, the Company carries out operational sampling of water at all stages of the process from source to tap, online monitoring and sampling for special investigations.

The licensee will provide real time access by telemetry to the Company of critical quality parameters of the water entering the supply system at or prior to the point of input. The critical parameters will depend on the treatment process

When any quality parameter varies outside the trigger level for any action, the Company will take immediate action in accordance with its procedures. Such action will include notifying the licensee's customer, if affected. When public health is at risk, immediate and direct action is required. In the case of chlorination, for example, the direct action would require an auto-shutdown system.

The licensee is required to meet the quality standards for the various parameters, which will be specified in the access agreement. Any contravention must be notified to the Company immediately.

Problems with water quality can be triggered by hydraulic conditions; by flow reversal or excessive velocities in water mains generating discolouration problems for customers, for example. The risk of this will be assessed during assessment of the detailed application and any required criteria for the licensee notifying the Company will be defined in the access agreement.

Failure criteria and procedures to be followed by either party in the event of any failure likely to affect the customers of the other will be set out in the access agreement.

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<sup>21</sup> In accordance with the Water Undertakers (Information) Direction 2004.

### 5.1.3 Hydraulic issues

In combined supply arrangements, the licensee's control of flow and pressure at the point of input can influence the levels of service on customers that the Company is responsible for; pressure in particular (DG2). As described in section 2.4.2, access criteria will be specified in the access agreement. The Company should have real time access to licensee's key performance data by telemetry (section 4.1.3) and by this means will be aware of problems that could have an impact on the level of service to customers. In the event of a problem, quick response is necessary.

The required urgency of the response will depend on the particular circumstances, such as the capacity of the Company's system to accommodate a problem with the licensee's supply. If the circumstances require it, procedures and timescales that are to be followed in the event of a hydraulic issue will be specified in the access agreement.

The company expects that it will normally have enough information from its own monitoring to be able to complete levels of service returns without requiring more from the licensee. The Company will, however, need to be informed by the licensee of the cause of any problem with the licensee's supply that has an impact on the Company's customers so that the probability of its recurrence can be assessed and mitigating measures can be agreed between the two parties.

Hydraulic issues can generate written complaints, the handling of which is another level of service against which the Company is monitored. Transfer of information about written complaints is required between licensee and Company and is covered elsewhere in the code.

### 5.1.4 'Real' time information capture systems

The need for real time monitoring of some key water quality and hydraulic parameters is described in the preceding two sections and elsewhere. Telemetry requirements are covered in section 4.1.3. For some data/information exchanges not covered by telemetry, or when telemetry is not operational, email or telephone will be required to ensure quick communication between the licensee and the Company's 24 hour manned control room.

The units, warning and trigger levels, and other terminology relating to data exchanged by telemetry will be agreed during the application process and specified in the access agreement. Methods of communication and timescales will also be specified in the access agreement.

### 5.1.5 Reporting procedures

The Company operates a 24 hour manned control room to which the licensee can report any supply system problem. The control room monitors the operation of the entire supply system and the treatment works and has some control functionality for certain operations.

The licensee for combined supply arrangements shall be contactable at all times.

Details of the points of contact and details of the information to be recorded and exchanged in the event of any supply system problem will be addressed in the access agreement. Due to changes in personnel, communication methods and procedures, schedules summarising this information will be exchanged at the start of the contract and will be updated at agreed intervals not exceeding one year.

## 5.2 Planned system maintenance

### 5.2.1 Obligations with respect to planned maintenance

The Company will be responsible for the maintenance of its entire supply system up to and including the meter at the point of supply of the licensee's customer. The Company also carries out other planned works from time to time (connections for new mains, for example) that affect the supply system. Such works could involve interruptions to the water supply or reduced service to customers, including the licensee's, from time to time. Interruptions for planned maintenance and other activities will be planned in advance with the aim of minimising inconvenience to all customers.

#### i) Responsibility of water undertaker

As part of the planning for a planned maintenance or other activity, customers that will be affected by the work are identified. For combined supply arrangements, work could affect either the licensee's customer or its input of water to the Company's supply system.

When work is planned that will affect the licensee, the Company will notify the licensee of:

- timing of the work, with target start and finish dates
- location of the work
- supply points and customers affected
- reason for the work
- any other relevant details, such as alternative supplies that are planned.

The Company can arrange for alternative supplies such as water bowsers or bottled water, by arrangement with the licensee.

The Company will keep the licensee informed about progress with the planned works.

In some cases, planned maintenance and other work can be programmed to minimise disruption to the licensee's customer or source works operation. The Company will consult the licensee during the planning period on these issues.

The means by which information will be communicated between the Company and the licensee, procedures and notification periods will be set out in the access agreement.

## **ii) Responsibility of licensee**

The licensee shall be responsible for relaying information about how the Company's planned works will affect its customers and any secondary water undertaker.

The licensee shall also ensure that special consumers and other sensitive customers are sufficiently prepared in advance and have relevant water management plans in place.

As the Company will retain responsibility for maintenance of the meter at the licensee's customer's supply point whilst the licensee will normally be responsible for reading the meter, the licensee shall be responsible for notifying the Company of any problems with the operation of the meter.

The licensee, or its secondary water undertaker if applicable, shall be responsible for maintenance of its assets up to the point of input into the Company's supply system. The licensee shall be responsible for notifying its customers of any disruption as a result of its own maintenance activity. For any such planned maintenance work, the licensee shall have a similar responsibility for notifying the Company of any effect that it will have on its operations or customers as the Company has with its activities.

### 5.2.2 Specification of assets

The assets that will be subject to the Company's planned maintenance and other work activities that could affect the licensee in some way include:

- resource facilities
- treatment works
- distribution mains, including communication pipes and revenue meters
- service reservoirs and water towers
- pumping stations.

As stated elsewhere, the Company will be responsible for maintenance of the meter at the point of supply to the licensee's customer.

### 5.2.3 Maintenance standards

The water industry operates a guaranteed standards scheme (GSS), which is a compensation scheme to protect customers who suffer a particularly sub-standard levels of service. If the Company fails to meet a guaranteed standard it will make a specified payment to the customer(s) affected. The licensee is not a customer of the Company and the licensee's customers will therefore not have the benefit of the GSS. The licensee and its customer shall agree between themselves the standards and levels of service (including compensation for failure) to be provided to the customer.

The circumstances in which compensation shall be payable by the Company to the licensee or by the licensee to the Company will be by agreement and will be set out in the access agreement. Some circumstances are identified in this access code.

### 5.2.4 Risk assessment processes

Planned maintenance and other work carried out by the Company will be subject to a risk assessment during the planning stage. If the work is likely to affect the licensee's customer, the licensee will provide the Company with any information it reasonably requests in order that the Company can carry out the risk assessment. The information requested will depend on the precise nature of the work but could typically include details of mitigating measures that the licensee or the licensee's customer can employ. In the case of a planned supply interruption, this could consider availability of alternative supplies or on-site storage, for example.

Similarly, the Company will provide the licensee with any information it needs for risk assessments for planned maintenance on its own assets or a secondary water undertaker's assets.

Timescales within which information for risk assessments should be exchanged will be included in the access agreement.

Delays in provision of information in order that risk assessments can be carried out could lead to delays in the work. The party (Company or licensee) that suffers the delay shall be compensated for all costs resulting from the delay by a direct payment from the other party (licensee or Company).

## 5.3 **Unplanned system maintenance**

### 5.3.1 Obligations with respect to unplanned maintenance

Events may arise from time to time that require unplanned or emergency maintenance of the Company's assets to be carried out. Such events and the consequential maintenance work may not allow much opportunity for notice to be given to everyone who might be affected. For these circumstances, there are specific obligations on the Company and the licensee.

**i) Responsibility of water undertaker**

The Company will be responsible for carrying out the unplanned or emergency work on its own assets and for managing the event in accordance with its procedures.

As early as practicably possible, the Company will provide the licensee with a copy of the Company's relevant procedure, if appropriate, and notify the licensee:

- whether its customers are affected
- timing of the work, with target start and finish dates
- location of the work
- supply points and customers affected
- reason for the work
- any other relevant details, such as alternative supplies that are planned.

The Company can arrange for alternative supplies such as water bowsers or bottled water, by arrangement with the licensee.

The Company will keep the licensee informed about progress with the work.

Although the licensee would normally be responsible for liaising with its customers during an unplanned or emergency event, there could be circumstances in which it will be necessary for the Company to contact the licensee's customer directly.

The Company will remain responsible for contacting and keeping informed all regulators, health and emergency authorities and others as required during any emergency event.

**ii) Responsibility of licensee**

The licensee is required to act on and convey to its customers all necessary information and advice received from the Company during an unplanned or emergency event.

In the case of a combined supply arrangement, the licensee might be required by the Company to cease, reduce or increase its supply in an emergency.

The licensee may be required to provide information to the Company or directly to regulators.

In combined supply arrangements, the licensee may have to carry out unplanned maintenance on its own assets. If this either affects or has the potential to affect the Company's customers in any respect, the licensee shall inform the Company as soon as practicable. The licensee shall then keep the Company informed about progress with the work.

### 5.3.2 Risk assessment processes

Normally, there will not be an opportunity for a risk assessment to be carried out in advance of unplanned or emergency work. If there is, section 5.2.4 applies.

### 5.3.3 Emergency notices

The Company will retain responsibility for notification of customers in the event that public health is or may be at risk. The Company will issue written information such as boil notices, and notification to customers via the media.

## 5.4 Safety aspects of unplanned and emergency work

### 5.4.1 Status classification

Water undertakers are required to notify the DWI of any event which, by its nature, has adversely affected or is likely to adversely affect the quality or sufficiency of the water supplied.

**Events, incidents and non-incidents** are defined by DWI<sup>22</sup>. In summary, the definitions are as follow, but the DWI information letter should be referred to for the correct context:

- **Event:** any occurrence, which by its nature is required to be notified under the Direction<sup>23</sup>.
- **Incident:** a sub-set of events.
- **Non-incident:** all other event notifications not classified as incidents.

The Company's emergency procedures do not distinguish between a standard emergency and a major emergency.

### 5.4.2 Standard emergency reporting procedures

The Company's procedures for reporting events are set out in its emergency procedures manual. These procedures will be made available to the licensee at the appropriate time during the application process.

Both the Company and the licensee, in the case of combined supply arrangements, are required to notify the relevant bodies of any incident that may affect drinking water quality or sufficiency of supplies<sup>24</sup>.

The licensee is responsible for informing the Company if it becomes aware of any actual or potential incident which affects or is likely to affect water quality<sup>25</sup>.

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<sup>22</sup> DWI Information Letter 12/04 or any updates.

<sup>23</sup> Water Undertakers (Information) Direction 2004.

<sup>24</sup> Water Undertakers (Information) Direction 2004 and Water Supply (Water Quality) Regulations 2004.

### 5.4.3 Major emergency reporting procedures

As section 5.4.2.

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

The Company's procedures for dealing with events are set out in its emergency procedures manual. The licensee will be thoroughly briefed on any emergency actions that might be required of it in accordance with the Company's emergency procedures. The emergency procedures most likely to be relevant to a licensee (whether for combined or wholesale supply) with customers in the Company's area of supply are those covering no water, contamination, general security and external trigger (ie by body other than the Company). In addition to specifying who has to be notified, the procedures define the steps to be undertaken by the Company to manage the incident throughout its course. They also define the activities to be undertaken by the various response teams during the management of an incident, for example:

- water quality monitoring and scientific advice
- customer communications
- strategy for alternative supplies
- delivery of alternative supplies
- resources (personnel, equipment etc)
- public relations and media.

The licensee should have in place its own emergency procedures appropriate to the service it provides and should make the Company aware of them as agreed appropriate.

Some integration of emergency procedures might be required.

In an emergency, the licensee shall comply with all reasonable instructions given by the Company or any authorised body<sup>26</sup>.

## 5.6 Customer protection

### 5.6.1 Special consumers

The licensee is required to inform the Company of relevant details if special consumers occupy or are likely to occupy any premises that the licensee supplies<sup>27</sup> and also when the premises cease to be occupied by a special consumer. Similarly, the Company will inform the licensee of relevant details

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<sup>25</sup>Condition 5 of Standard Conditions of Water Supply Licences.

<sup>26</sup>Condition 4 of Standard Conditions of Water Supply Licences.

<sup>27</sup>Condition 5 of Standard Conditions of Water Supply Licences.

if it is aware that a special consumer occupies or is likely to occupy any premises which the licensee is proposing to supply<sup>28</sup>.

A special consumer is a customer who regularly requires water urgently on medical or other grounds, as defined in Condition R.

The purpose of the exchange of information about special consumers, and any other status of customer that the licensee and Company might agree should be identified, is so that these customers are not adversely affected in an emergency as a result of the water supply licensing regime.

#### 5.6.2 Large scale customer warning procedures

Regardless of the scale of customer warnings required as a result of an event, the Company will be responsible for delivering the warnings. This is to ensure that no customer is over-looked, and the level of information is consistent.

The Company's procedures for large-scale warning of customers are necessarily flexible to cater for the wide range of circumstances that could occur. The main methods for warning and advising customers are by van-mounted public address systems and delivery of letters or leaflets. The media, local radio and television, will be used in appropriate circumstances.

The Company will use its best endeavours to keep the licensee fully informed about the information being given to the licensee's customer during an emergency.

#### 5.6.3 Emergency compensation payments

The circumstances in which compensation shall be payable by the Company to the licensee or by the licensee to the Company will be by agreement and will be set out in the access agreement.

#### 5.6.4 Emergency operational planning exercises

The Company carries out simulated operational exercises of its emergency procedures from time to time. It is expected that the licensee will participate in the exercises that are appropriate.

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<sup>28</sup> Condition R of the Company's Conditions of Appointment.

## **5.7 Support processes**

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

Dealing with the press is a specialist subject because of the potentially harmful impact it can have on customer confidence and co-operation and on the reputation of the Company, and/or the licensee if relevant.

In the event of an emergency involving the licensee (in a combined supply arrangement) or affecting the licensee's customer, the licensee's co-operation is therefore required to ensure that no public statement is released without the agreement of both parties. The procedure for achieving this will be agreed between the licensee and the Company and set out in the access agreement.

Except in particular agreed circumstances specified in the access agreement, the Company will be solely responsible for dealing with the media in the event of an emergency and will liaise with the licensee on a best endeavours basis.

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

Severe weather can disrupt water supply operations. If appropriate, the Company will warn the licensee of any severe weather warnings that it is aware of, as set out in the access agreement.

### **5.7.3 Emergency contacts**

Both the Company and the licensee are required to provide to the other necessary contact details for use in the event of any emergency. Section 5.1.5 also refers.

## **5.8 Reportable situations**

The Company is required to report situations to external regulatory bodies in accordance with the guidance they issue and any relevant legislation. These external bodies include DWI, Health and Safety Executive and environmental health organisations. The licensee will be required to comply equally with the reporting requirements of the regulatory bodies relevant to the terms of its licence. The licensee shall be responsible for making itself aware of its satisfy itself that it has adequate systems in place to meet these obligations.

Guidance on the type of events (as defined by DWI, refer to section 5.4.1) that the Company is required to report to DWI is provided by DWI with its Information Letter 12/04.

Depending on the nature and seriousness of any incident, the Company's emergency procedures contain a list of other bodies that have to be notified.

## **6 CUSTOMER CONTACT ARRANGEMENTS**

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

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

The licensee shall be responsible for dealing with queries or complaints from its customer about customer meter readings. The licensee shall provide contact telephone numbers, to be included in the access agreement, so that any queries or complaints from the licensee's customer to the Company can be re-directed to the licensee.

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

The licensee shall be responsible for dealing with queries or complaints from its customer about billing and debt collection. The licensee shall provide contact telephone numbers, to be included in the access agreement, so that any queries or complaints from the licensee's customer to the Company can be re-directed to the licensee.

#### **6.1.3 Operational issues**

##### **i) Water supply queries**

The licensee shall be responsible for dealing with queries or complaints from its customer about the water supply. The licensee shall provide contact telephone numbers, to be included in the access agreement, so that any queries or complaints from the licensee's customer to the Company can be re-directed to the licensee.

If appropriate, the licensee will contact the Company about its customer's query or complaint and transmit the response back to its customer.

Any specific circumstances in which the Company will be the point of contact for the licensee's customer will be by agreement between the licensee and the Company and will be set out in the access agreement.

##### **ii) Sewerage queries**

Sewerage undertakers and/or billing agents will generally retain their existing relationships with their sewerage customers.

If either the Company or the licensee receives a query about sewerage, regardless of which receives it, the party that receives the query will deal with it. In most cases, the customer raising the query will need to be re-directed to the appropriate sewerage undertaker.

For some issues, the Company has the sewerage undertaker's authority to resolve the problem directly without referral to the sewerage undertaker. Any such arrangement between the licensee and the sewerage undertaker shall be made directly between these two parties, with the customer's involvement.

The licensee might be required to provide the sewerage undertaker with statistics on the number and type of queries and complaints that it has received on sewerage issues during the year, for inclusion in the sewerage undertaker's annual June Report to Ofwat. Any such arrangement will be made directly between the licensee and the sewerage undertaker.

#### 6.1.4 Complaint handling processes

The primary responsibility for dealing with customer contacts in various circumstances is described in the preceding sections. Contact details will therefore need to be exchanged between the licensee and the Company for transfer of calls and information when required.

For the Company, the initial point of contact for both the licensee, and the licensee's customer in those specific circumstances that have been agreed, will be the advertised telephone numbers below. By this means, information received will be logged and the details recorded on the Company's appropriate information system. The contact details and process set out below is the Company's standard complaint handling process and will be followed unless specifically agreed otherwise in the access agreement.

General enquiries and emergencies: 01978 846946  
Billing queries: 01978 833200

If the contact is a complaint and cannot be resolved over the telephone then the licensee should write in the first instance to:-

Managing Director  
Dee Valley Water plc  
Wrexham Road  
Rhostyllen  
Wrexham  
LL14 4EH

or by email: [Customer.complaints@DeeValleyGroup.com](mailto:Customer.complaints@DeeValleyGroup.com)

If an enquiry is not satisfactorily dealt with directly by the Company, the licensee can escalate the issue for an independent review by the Consumer Council for Water Wales; contact details below.

Address: Consumer Council for Water Wales  
Caradog House  
1-6 St Andrew's Place  
Cardiff  
CF10 3BE

Telephone: 08457 056316

Fax: 029 2023 9847

email: wales@ccwater.org.uk

The Consumer Council for Water (CCWater) is the industry watchdog, set up to represent customers of water and sewerage companies in England and Wales and provide a national voice for customers.

If, after intervention and investigation by CCWater, the issue is still not resolved to the satisfaction of the licensee, the next step is the disputes resolution process explained in section 8.2.

Because the licensee's customers are not customers of the Company, they are not entitled to Guaranteed Standards Scheme (GSS) payments from the Company. The licensee should ensure that its customers are made aware of this fact.

The Company is required to report annually to Ofwat on its customer performance: response to billing contacts (DG6), response to written complaints (DG7) and ease of telephone contact (DG9). It also reports numbers of customer contacts, including by telephone and email, to DWI. At present there is no requirement on the licensee or the Company to provide this information relating to the licensee's customers. If this should change and reporting is required, it is expected that the licensee and the Company will co-operate to ensure that each has the appropriate information in a timely manner and in the correct format to satisfy the regulators.

#### 6.1.5 Obligations on water undertaker

In general, telephone contacts from the licensee about some aspect of the supply system performance will be responded to by telephone either immediately or as soon as practicable by the relevant operational department. All written contacts will be responded to in writing. Telephone complaints about water quality or any other aspect of the supply system performance that requires investigations (pressure or flow monitoring, for example) will also be responded to in writing. Response times will be defined in the access agreement.

If there are water quality implications, the Company will advise DWI in accordance with its normal practice.

#### 6.1.6 Obligations on licensees

It shall be the responsibility of the licensee to ensure that its customer understands the relationship between the Company and the licensee and is aware of the contact arrangements for all circumstances. The licensee shall provide its customers with relevant contact details and information on its service support arrangements.

The licensee will be responsible for handling queries and complaints from its own customers. Some issues might have supply system implications that need to be reported to DWI or Ofwat. The licensee is expected to act responsibly and competently in such cases and advise the Company immediately of any issues raised by the licensee's customers that might be reportable or that might have implications for other users of the supply system.

The licensee will need to have auditable systems in place to record information arising from customer contacts. The systems should also ensure that information that needs to be passed to the Company relating to its supply system (including reportable issues) is identified within the timescales agreed in the access agreement.

#### 6.1.7 Disconnection

Circumstances in which and the terms under which the Company will disconnect the supply to a licensee's customer will be set out in the access agreement. Disconnection will be on the basis of:

- non-payment by the licensee
- prevention of contamination or waste by the licensee's customer
- for the purpose of carrying out works where it is reasonable to do so
- request by the licensee.

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

#### 6.2.1 Special consumers

See section 5.6.1.

#### 6.2.2 Large scale customer warning procedures

See section 5.6.2.

#### 6.2.3 Obligations on water undertakers

The licensee, and its customers, in appropriate circumstances, will contact the Company by the process described in sections 6.1.3 and 6.1.4. This is the normal advertised route for contacting the Company. In the case of an emergency or event that generates a volume of telephone calls that cannot be handled by the normal process, the Company can either:

- put a recorded message on the advertised number giving information on the emergency or event, including directing customers to a website for further information, or
- divert calls on the advertised number to a remote call centre which will be briefed with information on the emergency or event.

The Company's obligations regarding special consumers are set out in section 5.6.1.

The Company periodically tests its emergency systems and procedures.

#### 6.2.4 Obligations on licensees

Customers require a clear point of contact at all times for emergencies. The licensee is normally responsible for communicating with its customers, as set out in other sections, however in an emergency the Company might need to contact the licensee's customer directly (for health and safety issues, for example). Because of this, the licensee shall provide customer contact information to the Company, and ensure that it is kept up to date.

The licensee shall ensure that its customers are fully aware of the contact arrangements that can be used in the event of an emergency. The licensee shall also ensure that its customers are informed that they will be covered by the Company's large scale warnings.

The licensee's obligations regarding special consumers are set out in section 5.6.1.

The licensee might occasionally be expected to co-operate with and participate in the testing of emergency systems and procedures by the Company. Similarly, the Company will co-operate with the licensee in testing of emergency arrangements that the licensee may be obliged to carry out.

## **7. SUPPLY SYSTEM CONNECTIONS**

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

For a combined supply, if the licensee requests it, the Company will take steps to enable the requested introduction of water to be made into the Company's supply system.

The licensee (or a secondary water undertaker) will retain ownership of and be responsible for any mains, new or existing, which carry the licensee's supply of water up to the point of connection to the Company's existing supply system. The point of entry will be agreed during the application process.

The Company has to be assured that any new mains installed to carry the licensee's supply of water up to the point of connection will not compromise the Company's over-riding responsibility for providing a safe, secure and reliable supply of water to its customers. To achieve this, the new mains shall be considered to be self-lay mains and shall be installed in accordance with the self-lay Code of Practice<sup>29</sup> for self-laying of water mains even though the mains are not ultimately for adoption by the Company. This code covers the processes for design and construction of new mains.

Only the Company shall make connections between the licensee's mains into its raw, non-potable or treated water mains. Connections will only be made after the licensee's new mains have been tested and commissioned in accordance with the self-lay code of practice. All other access criteria specified in section 2.4 shall also be satisfied before the connection is made.

Prices for making the connection between the licensee's mains and the Company's supply system are not standard and will be provided on application by the licensee to the Company on the basis of case-specific factors. The price will be based on actual cost.

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

Only the Company will make connections onto its supply system for new qualifying premises. The licensee is required to apply for a new connection in accordance with the Company's existing procedure included in its Services for Developers<sup>30</sup>.

The Company's connection fees are included in its Scheme of Charges, which is published on the Dee Valley Water website<sup>31</sup>. However, prices for making connections of the size needed for qualifying premises are not included in the scheme of charges. Prices will be provided on application to the Company based on case-specific factors.

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<sup>29</sup> Self-laying of Water Mains and Services – A Code of Practice for England and Wales; published by WRc.

<sup>30</sup> [http://www.deevalleygroup.com/Publications/Developer\\_Services/Dev\\_Services.pdf](http://www.deevalleygroup.com/Publications/Developer_Services/Dev_Services.pdf)

<sup>31</sup> [http://www.deevalleygroup.com/Publications/Codes\\_of\\_Practice/Scheme\\_of\\_Charges\\_07\\_08.pdf](http://www.deevalleygroup.com/Publications/Codes_of_Practice/Scheme_of_Charges_07_08.pdf)

The licensee will notify the sewerage undertaker of any premises connecting to the distribution system for the first time, to enable it to start billing the new customer.

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

The conditions covering the connection of a secondary water undertaker's supply system to the Company's supply system will generally be the same as set out in section 7.1.

However, as the secondary water undertaker is likely to have the same restriction as the Company does in only allowing connections to be made to its own supply system if it makes them itself, there could be a potential conflict to overcome. This will have to be addressed during the application process when the secondary water undertaker has been identified. It is expected that any such conflict can be overcome by negotiation based on the specific circumstances.

Prices for making the connection between the secondary water undertaker's supply system and the Company's supply system are not standard and will be provided on application by the licensee to the Company on the basis of case-specific factors. The price will be based on actual cost.

## **8 LEGAL CONTRACT, ARBITRATION AND DISPUTES RESOLUTION**

### **8.1 Contract terms**

#### **8.1.1 Contents**

The types of clauses that will be included in the retail and the combined supply agreements are listed below. The list is not exhaustive and the clauses may not appear in the order listed. Additional or alternative clauses might be included, or listed clauses might be omitted, depending on the particular circumstances.

##### **i) Recitals**

The preamble to the contract, stating who the parties are and what they wish to achieve.

##### **ii) Definitions**

A list of defined terms used in the contract, and the meaning (for the purpose of the contract) of those terms.

##### **iii) Conditions precedent**

Pre-requisites are that the supply system user is licensed by Ofwat to carry out the relevant activities and is a fit and proper person.

##### **iv) Permission to access the supply system in relation to the contract in question**

This provision states, on a specific case basis, which parts of the access code apply.

##### **v) Acceptance of access code**

This clause provides, that the parties to the contract agree and are bound by the terms of the access code, notwithstanding that the code itself has not been signed by both parties.

##### **vi) Modifications**

If any amendments, deletions, substitutions etc to the access code are required for the specific case, this clause will give details of how this is to be achieved.

##### **vii) Ownership of supply system and vesting**

A statement to make clear where ownership is vested, notwithstanding user by and rights vested in various parties. The supply system user acquires no rights in relation to the network, other than those granted by the contract.

**viii) Material change**

The circumstances which will require amendment to the terms of the contract (eg change in legislation, new water quality regulations), or the adoption of a national access code.

**ix) Liability**

Defining where responsibility rests in relation to specified matters (principally water quality and loss of water) at each distinct stage of the treatment and supply processes, and whether compensation is payable for breach of contract. Where damages do not provide an adequate remedy, an injunction may be sought.

**x) Force majeure**

A definition of the events (being generally those events over which the parties or one of them does not have direct control) in relation to which the liability position changes, and the way in which and extent to which the position changes.

**xi) Exclusions**

Those areas of liability and of losses in relation to which the liability position does not apply.

**xii) Indemnity**

Those areas in which a contractual indemnity is to be given by one party to the other in the event of a breach of (specified provisions of) the contract.

**xiii) Duration**

The period for which the contract operates.

**xiv) Termination**

The circumstances, if any, which entitle a party to terminate the contract, the period of notice required to effect such termination and the consequences of termination (this may include disconnection of the supply system user's assets from the supply system and cost thereof).

**xv) Emergency suspension**

The circumstances which entitle a party to suspend the operation of the contract, the period of notice required to effect such suspension, the period of suspension and the consequences of suspension.

**xvi) Back-up supplies**

Provisions to deal with the responsibility for and financing of supplier of last resort obligations, which may include transfer of assets.

**xvii) Payment**

Payment will be via an invoice based on booked, actual or estimated usage.

**xviii) Dispute resolution**

The mechanisms available to the parties to resolve any differences which arise regarding the contract.

**xix) Notices**

A clause to specify the mechanics of serving notice pursuant to the contract upon the other party.

**xx) Assignment and alienation**

Specifies whether the rights and obligations of the contract are assignable or capable of sub-letting, and if so, upon what terms.

**xxi) Variations**

Not effective unless written and signed by both parties.

**xxii) Waiver**

A failure to exercise a right or remedy will not constitute a waiver.

**xxiii) Severability**

If any clause or provision is found to be invalid, the other provisions shall remain in effect.

**xxiv) Entire agreement**

The contract will constitute the entire agreement between both parties.

**xxv) Jurisdiction**

The contract will be governed by the law of England and Wales.

**xxvi) Confidentiality**

A clause which defines confidential information and stipulates the basis upon which the parties may use or disclose such information.

**xxvii) Insurance**

Specifies the risks in respect of which a party is required to carry insurance cover, and the extent of cover required.

**xxviii) Third party rights**

The contract will confer no rights or benefits upon any person not party to the contract.

**xxix) Compensation**

A clause limiting compensation to those situations specified in the access agreement.

**xxx) Provision of bonds and guarantees on a non-discriminatory basis**

A provision entitling the Company to call in the bond or the parent company guarantee as the case maybe, in the event of default.

**8.2 Arbitration and disputes resolution processes**

Any disputes that arise between the Company and the licensee that are not covered by Ofwat's powers to determine, or as otherwise specifically provided for, shall be resolved in accordance with the following process.

All questions, disputes or differences shall be referred in the first instance to a senior manager of each party who will attempt in good faith to resolve any issue.

Failing resolution within 14 days, the dispute may be referred with the agreement of both parties to mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure.

If the parties do not agree upon mediation within 7 days thereafter or have not settled a dispute by mediation within 42 days from the initiation of mediation, the dispute shall be referred to the decision of a single arbitrator mutually agreed upon or, failing such agreement within 14 days, to be appointed by the President for the time being of the Chartered Institute of Arbitrators on the application of either of the parties, and such arbitration shall be carried out in accordance with and subject to the applicable provisions of the Arbitration Act 1996.

Notwithstanding any provisions otherwise in the Arbitration Act, the decision of the arbitrator shall be appealable to the High Court

Ofwat's licensing Determinations Procedure is referred to in section 1.2.ii).

## **9. ACCESS PRICING**

### **9.1 Indicative access prices**

The Company has calculated indicative access prices in accordance with Ofwat's guidance<sup>32</sup>. These indicative access prices calculated for 2007/08 are available on the Company's website at the following links:

[http://www.deevalleygroup.com/Publications/Competition/ind\\_comb\\_pricing.pdf](http://www.deevalleygroup.com/Publications/Competition/ind_comb_pricing.pdf)

[http://www.deevalleygroup.com/Publications/Competition/ind\\_whole\\_pricing.pdf](http://www.deevalleygroup.com/Publications/Competition/ind_whole_pricing.pdf)

The indicative access prices are:

- for each water resource zone in which there are potentially eligible customers
- based on two standard volumes of water: 50ML and 500ML per year
- for both wholesale and combined access
- for each of the following five years
- with access starting in each of the following five years (for combined supply)
- for potable water.

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

The Company will calculate case-specific access prices during the application process as described in section 2 when all the details are known. The case-specific price will be based on:

- the current terms of supply for the specific customer
- average retail ARROW costs as used for the indicative access prices unless there is a specific reason for a particular customer's ARROW costs to differ from the indicative ARROW costs
- expenses reflecting the specific terms and conditions agreed between the licensee and the Company.

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<sup>32</sup> Access Codes Guidance; Ofwat.

## 10 GLOSSARY OF DEFINED TERMS

A brief description of some of the terms used in the water supply licensing regime follows. Refer to WIA91 for precise statutory meanings, where applicable.

**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 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 the water undertakers 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 water undertaker's supply system and to retail that water to 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).

**Consumer:** A person who is for the time being the person on whom liability to pay charges to the undertaker in respect of that supply of water would fall (section 93 WIA91).

**Costs principle:** As defined in section 66E 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 as constrained by: abstraction licence, 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 with, for example, small amounts of chlorine in order to kill harmful organisms.

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

**Domestic purposes:** Refers to drinking, washing, cooking, central heating and sanitary purposes (section 218 WIA91).

**Drought:** A prolonged period of dry weather.

**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 regional 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 Standard 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 water 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; also referred to as a licensed water supplier.

**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, faecal streptococci, 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:** 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 purpose 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.

**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.

**Reporters:** Independent engineering consultants who are appointed by companies, but are under a duty of care to the Director on the accuracy of companies' returns to Ofwat and whether the returns show progress and performance, particularly in respect of capital investment programmes.

**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 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) WIA91).

**Secondary water undertaker:** A water undertaker other than a licensee's 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 conditions of water supply licences:** The standard terms and conditions of Water Supply Licences determined and published by the Secretary of State (for the Environment Food and Rural Affairs) pursuant to section 17H WIA91.

**Supplementary Authorisation:** An authorisation to a company to introduce water into a water undertaker's a 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 to any potable system. 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.

**The Company:** Dee Valley Water, in the context of this access code.

**Treated water:** Water of 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 customer' 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. Current limit is 100µg/l averaged over three months.

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

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

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

**Untreated water:** Surface water or groundwater that has not been treated in any way (also called raw water).

**WAG:** Welsh Assembly Government.

**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 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.

**WIA91:** The Water Industry Act 1991 (as amended by the Water Act 2003).

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

**WRZ:** Water Resource Zone.

**APPENDIX A  
APPLICATION FORMS**

Combined supply – initial application

Wholesale supply application

**APPENDIX B  
CONFIDENTIALITY AGREEMENT  
& WHOLESALE MASTER AGREEMENT**

Confidentiality agreement

Wholesale master agreement