



Your local supply, on tap

Access Code

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Affinity Water

15 October 2016

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# Document Control Sheet

## Document amendment history

Version	Status	Date	Amendment to this version
1.0	Issue	15/10/14	First issue
2.0	Issue	15/10/15	Document updated and restructured as part of annual review.
3.0	Issue	15/10/16	Redundant document links removed. Section 9 updated to remove 2015/16 wholesale charges and cross reference separately published 2016/17 wholesale charges

## Document approval

Document Title	Affinity Water Access Code			
	Name	Signature	Title	Date
Author / Originator	Karen Austin		Head of Governance	15/10/16
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Approver 1	Christopher Offer		Director of Regulation	15/10/16
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## **Review date**

This document should be reviewed every year not later than October 15th and published on Affinity Water's website within 7 days.

# 1 Introduction

## 1.1 Purpose of the Access Code

This Access Code sets out the principles that Affinity Water will apply when establishing agreements for access to our water supply system under sections 66A of the Water Industry Act 1991 (WIA91) as amended by the Water Act 2003 (WA03).

We will use this Access Code as guidance when establishing agreements for access with Licensed Water Suppliers (Licensees). This Access Code sets out the requirements that will apply for access to our supply system.

## 1.2 Changes to the water supply licensing system

In May 2014, the Water Act 2014 received Royal Assent. The Act signals significant changes for the water industry. From April 2017, it is planned that all non-household customers will be able to choose their supplier of retail services for both water and sewerage. Wholesale supplies will continue to be provided by the incumbent.

When these changes are implemented, our Access Code will need to be revised to reflect the new market. We will therefore continue to review this Code at least on an annual basis, and more frequently if required. Until such changes are implemented, all requests for access will be assessed using the Access Code published at that time.

## 1.3 Related documents

There are a number of related documents which should be read in conjunction with this Access Code. The list below, is not exhaustive but provides details of the main provisions which underpin the Water Supply Licensing framework.

<b>Primary and Secondary Legislation</b>
<ul style="list-style-type: none"><li>• Water Act 2003</li><li>• Water Industry Act 1991</li><li>• The Water Supply (Exceptions from Supply System Prohibitions) Regulations 2005</li><li>• The Water Supply Licence (New Customer Exception) Regulations 2005</li><li>• The Water Supply ( Water Quality ) Regulations 2016</li><li>• The Water Supply (Water Fittings) Regulations 1999</li><li>• The Water Industry (Suppliers' Information) Direction 2012</li><li>• Competition Act 1998</li></ul>
<b>Statutory and Non-Statutory Guidance</b>
<ul style="list-style-type: none"><li>• Ofwat – Access Codes Guidance</li><li>• Ofwat – Eligibility Guidance (Revised, August 2015)</li><li>• Ofwat – Guidance on Applying for a Water Supply Licence</li><li>• Customer Transfer Protocol</li><li>• Ofwat – Guidance on Strategic Supplies</li><li>• Ofwat – Water Supply Licensing</li></ul>

<ul style="list-style-type: none"> <li>• Ofwat – Guidance on Compliance Codes</li> </ul>
<b>Conditions of Appointment</b>
<ul style="list-style-type: none"> <li>• Affinity Water’s Instrument of Appointment (Conditions R and S)</li> </ul>
<b>Other Relevant Documents</b>
<ul style="list-style-type: none"> <li>• DWI Information Letter 13/04 Common Carriage: Guidance on the Drinking Water Quality Aspects</li> <li>• DWI Guidance on the Notification of Events</li> <li>• DWI Security and Emergency Measures (Licensed Water Suppliers) Directors for Licensed Water Suppliers: Notification and Guidance</li> <li>• Affinity Water’s Compliance Code</li> </ul>

## 1.4 Role of key players

### 1.4.1 Affinity Water



Affinity Water Limited is an appointed water undertaker across 3 geographical areas covering parts of Bedfordshire, Berkshire, Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, the London Boroughs of Harrow and Hillingdon and parts of the London Boroughs of Barnet, Brent, Ealing, Enfield, Haringey and Hounslow. Sewerage services for these areas are provided by Thames Water, Anglian Water or Southern Water depending on the area.

Chapter 2A of Part III of WIA91 places duties and obligations on water undertakers, subject to certain conditions, to provide the following services to Licensees:

#### 1.4.1.1 Primary undertaker

##### 1.4.1.1.1 Wholesale water supply

When a Licensee requests that we provide a supply of water under Section 66A WIA91, and the premises are within our area our supply, we have 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 we carry out these duties are agreed with the Licensee in accordance with Ofwat's Access Codes Guidance

#### *1.4.1.1.2 .Introduction of water into water undertaker's supply system*

Where a Licensee requests our permission to introduce water into our supply system, under Section 66B WIA91, and in line with the requirements of the retail authorisation aspects of the combined licence, we have 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 into our supply system as requested.

Where a combined Licensee requests us to permit the introduction of water, as supplied by a neighbouring secondary undertaker, into our supply system for the purposes of supplying its customers within our area, we have a duty to take steps to enable the Licensee to make the introduction of the water into our system. This is in accordance with section 66C WIA91. These steps may include connecting our supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, we have a duty to permit the introduction of water into our 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 we carry out these duties are agreed with the Licensee in accordance with Ofwat's Access Codes Guidance.

#### *1.4.1.2 Secondary undertaker*

Where a combined Licensee requests for us to provide a supply of water to enable it to supply its customer's premises by using a neighbouring primary water undertaker's supply system, under section 66C WIA91 and in accordance with its retail authorisation, we have 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 we carry out these duties in our capacity as a primary or secondary undertaker are agreed with the Licensee in accordance with Ofwat's Access Codes Guidance. The introduction by a Licensee into our 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 we are identified as a secondary undertaker within an access application, we expect to be involved as necessary in discussions with the Licensee and the primary undertaker. We



expect to receive copies of relevant details during the application stages for comment and to be able to request further details as necessary.

#### *1.4.1.3 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 us would:

- require us to incur unreasonable expenditure in carrying out works, in order to meet all our existing obligations to supply water for domestic or other purposes, together with our probable future obligations to supply water to buildings or parts of buildings for domestic purposes; or
- otherwise put at risk our 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 undertaker's supply system:

- would require us, in order to meet all our existing obligations, to supply water for domestic or other purposes, together with our 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 our 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.

## 1.4.2 Licensee

Licensees are the new 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 our 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 our supply system.

Licensees share responsibility with us for compliance with the Water Quality Regulations for the water they input into the supply system and for the wholesale supply of water to the customers' 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.

## 1.4.3 Ofwat

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

The WIA91 introduced a 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.

#### **1.4.4 Department for the Environment, Food and Rural Affairs (Defra)**

Defra is the government department responsible for WSL legislation. They are also responsible for the Water Supply (Water Fittings) Regulations.

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, we will revise this Access Code to reflect relevant changes.

Further information is available on the Defra website

#### **1.4.5 Environment Agency (EA)**

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

As a water undertaker, we produce a Drought Plan every three years, which identifies how, during a period of drought, we will continue to meet our 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 EA reviews these plans and advises the Government on their adequacy.

As a water undertaker, we 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 EA also reviews these plans and advises the Government on their adequacy. Water Resources Management Plans became a statutory requirement in 2006.

There is a duty on 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 EA 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 WIA91) are meant to encourage the 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 Section 66C should be made, and if so, the terms of that supply.

In these instances, the EA 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 WIA91 are satisfied. Ofwat will then make a determination.

Further information is available on the EA website.

## 1.4.6 Drinking Water Inspectorate (DWI)

The 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, the 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.

## 1.5 Definition of services

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We 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 Codes Guidance. These services are defined in terms of Affinity Water being either the primary undertaker (Section 66A and 66B of the WIA91) or a secondary undertaker (Section 66C of the WIA91).

### 1.5.1 Primary water undertaker

#### *1.5.1.1 Wholesale water supply*

We 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.

#### *1.5.1.2 Introduction of water into the supply system*

We 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 our supply system, in accordance with Section 66B of the WIA91 for the purposes of supply to the Licensee's eligible customers.

We will take steps and, having taken such steps, permit the introduction of water, as supplied by the secondary undertaker, into our 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.

### 1.5.2 Secondary water undertaker

We 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. We 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, or use of, Affinity Water's Supply System

On each and every occasion that a Licensee requires access to our water supply system, the following procedures shall be followed, as applicable. Those without a licence shall apply to Ofwat for a licence before approaching us for services. We have set out the requirements of Licensees and also how we shall assess applications. We shall provide points of contact to the Licensee during all stages of the process. Wholesale or combined services will only be permitted once an Access Agreement has been executed and any conditions precedent have been fully met and satisfied. By Access Agreement we mean any combined agreement, common contract or case specific contract schedule.

### 2.1 Process requirements

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#### 2.1.1 Confidentiality agreements

A confidentiality agreement protects both parties by ensuring that information provided by Licensees and by us is not misused or disclosed without consent. Both parties shall put in place any necessary procedures to ensure compliance. We insist that all Licensees sign a pre-contract confidentiality agreement at the start of negotiations before any information is exchanged. This will apply whether we are the primary or secondary undertaker. We anticipate that each Licensee shall require only one confidentiality agreement which shall cover negotiations of any number of access proposals, wholesale and combined. To facilitate this we have provided a sample confidentiality agreement setting out the provisions we require in Appendix 2. The provision of a confidentiality agreement is free of charge.

Confidentiality terms shall also be included within Access Agreements.

#### 2.1.2 Information requirements

Any request for wholesale or combined services which complies with the requirements set out in this Access Code shall be considered and evaluated. In order for us to make a fair and objective assessment of the request for wholesale or combined services, the Licensee shall provide such information as is reasonably required for that purpose. We reserve the right to request additional information from Licensees where necessary.

A Licensee shall inform us at any stage of the process if it no longer wishes to proceed.

##### 2.1.2.1 *Combined supplies*

In considering any application by a Licensee for access to our water supply system for combined services, of paramount importance is the safeguarding of water quality to protect public health and the environment, compatibility with existing supplies and security of supply. No connection to, or use of the water supply system, shall be permitted unless we are satisfied that there is no risk to the service provided to existing and future water customers served by the supply system, or that where there is a risk we are satisfied that adequate control measures are in place or will be in place before the supply becomes operational.

In order to ensure water quality is maintained, every Licensee shall be expected to satisfy us that it can operate to the same or equivalent standards, systems and procedures as operated by us. This shall include quality assurance accredited systems and standards as appropriate, including training and qualifications. The Licensee shall be expected to adopt a Drinking Water Safety Plan approach to its supply.

The Licensee shall demonstrate to us that it has access to sufficient raw or treated water to meet its customer's demands including volumetric and peak demands as shall be specified in the Access Agreement. This source of water shall be sustainable for the length of the Access Agreement.

A separate Access Agreement shall be required for each combined supply.

Please refer to section 2.3.1 for details of the combined supply application process.

#### *2.1.2.2 Wholesale supplies (where Affinity Water is the primary undertaker)*

Wholesale supplies are not normally expected to involve changes to physical supply arrangements. Appendix 4 contains the Operational Code as published by Ofwat in its Access Codes Guidance. The Operational Code sets out the relevant procedure (including timetable) for dealing with a request made by a Licensee for a wholesale supply.

All Licensees shall be required to sign a pre-contract confidentiality agreement. A sample confidentiality agreement can be found in Appendix 2. Licensees must contact us for a formal confidentiality agreement.

Once the Common Contract or case specific Access Agreement has been executed the process proceeds to the Customer Transfer Protocol (CTP). See section 3 for further details.

### **2.1.3 Timescales**

We shall use our best endeavours to process any application as quickly as possible. To this end the Licensee shall be expected to respond in a timely manner to any supplementary requests for information. Some investigations may necessarily take longer than the timescales prescribed. In such cases, we shall inform the Licensee. Target timescales are included within the Operational Code.

### **2.1.4 Application fees**

Although we will incur costs in processing applications, it is Ofwat's policy that water undertakers may not recover from a Licensee any costs of processing a wholesale or combined application for access. These irrecoverable costs include any costs relating to discussing, negotiating and agreeing terms and conditions of an Access Agreement or confidentiality agreement and any costs related to processing premises specific applications for both wholesale and combined supplies, including any costs for feasibility studies. We will not charge for providing a copy of our Access Code or for clarifying our policy or information requirements.

We should, however, understand how much each stage of the wholesale and combined application process actually costs and identify the work involved at each stage. Ofwat will review these costs and its policy on the recovery of these costs in the light of experience.

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

We reserve the right to undertake credit analysis for Licensees in the same way we do for our non-household customers. Whilst we may have concerns regarding Licensees where a credit check has been undertaken and revealed a risk of non-payment, where there is no credit history for the company or where there is a history of two or more late payments, Ofwat's policy is that water undertakers should not request security deposits, bonds,



guarantees or advance payment from Licensees. Ofwat will review this policy as the market develops.

## 2.2 Confirming eligibility

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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 5 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 which is available on their website [www.ofwat.gov.uk](http://www.ofwat.gov.uk).

### 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. Ofwat sets out what it considers to be household and non-household premises in its Eligibility Guidance.

### **2.2.4 Volumetric 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 5 megalitres.

The threshold requirement relates to the amount of water that is supplied by the Licensee using one or more water undertakers' supply systems. The amount of water that a customer receives by means of private supplies does not count towards assessing whether the threshold requirement is satisfied.



## 2.2.5 Supply arrangements for Licensees

Section 17A WIA91 prohibits the supply of an eligible premises by more than one Licensee. However, a premise 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 Codes Guidance, Ofwat interprets 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

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 CTP.

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.

## 2.3 Application process

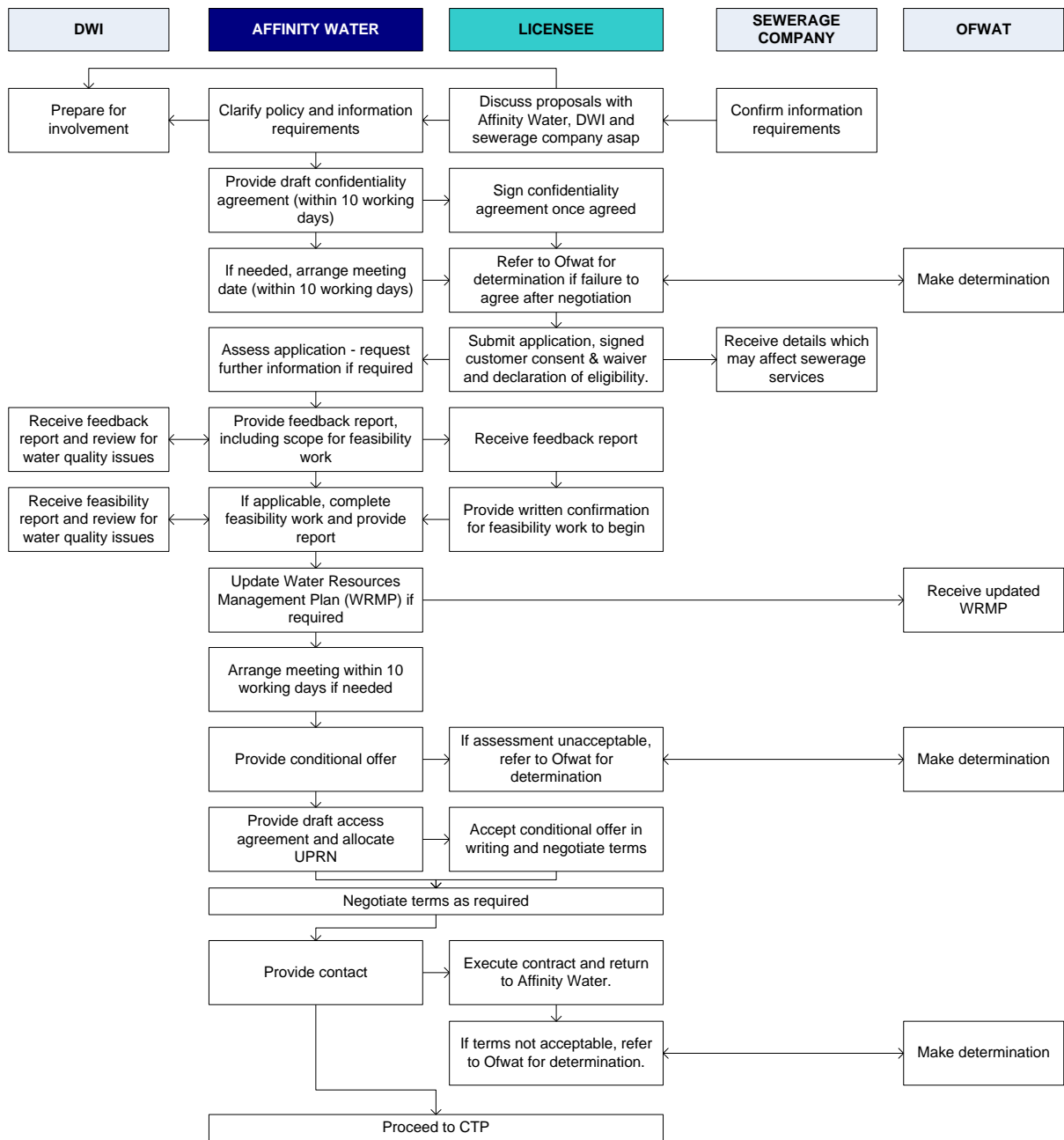
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### 2.3.1 Combined supply arrangements

Every combined supply will have unique characteristics requiring specific changes to the existing physical supply arrangements. Whilst a number of provisions with the combined Access Agreements may be common, a separate Access Agreement will be required for each combined supply.

If we are unable to reach agreement with a Licensee on terms and conditions relating to specific premises applications made under Sections 66A to 66C of the WIA91, the Licensee has the option to refer any matters in dispute to Ofwat for a determination.

The following diagram outlines the application processes for combined supplies. Each stage is then further described below.



**Stage 1 – Initial Contact**

1. In order that we can process the application as efficiently as possible, we request that Licensees requesting combined services should discuss their proposals with us at the earliest time possible. At this point, Licensees should provide us with their contact details and the type of licence currently held.
2. The DWI should be made aware of any potential combined services as early as possible.
3. If you do not hold a licence, you must apply to Ofwat for one before making contact with us to request combined services.
4. Before beginning the application process (stage 2), Licensees shall sign a pre-contract confidentiality agreement (a specimen agreement can be found in Appendix 2).

Licensees must contact us for a formal confidentiality agreement for execution and this must be executed and returned to us as soon as possible.

5. Please note, we shall not proceed to process applications until we have received an executed confidentiality agreement.
6. We do not charge for the provision of a confidentiality agreement.
7. If required, we will arrange a meeting date within 10 working days of the request.
8. Affinity Water is a water-only company and therefore we will need to check the information requirements of the relevant sewerage company as provided by the Licensee.

## **Stage 2 - Application**

9. Licensees who wish to proceed shall complete and submit to us a combined supplies application questionnaire. This can be found in Appendix 3. The purpose of the detailed application questionnaire is to:
  - identify any issues, particularly those relating to water quality and security of supply, which could pose significant constraints to access to the water supply system
  - give an indication of the reliability of the source and the basic compatibility of the input water and demand pattern with existing supply arrangements
  - understand the proposal in enough detail to undertake a feasibility study, if necessary
  - enable us to assess the system of quality assurance which has been applied to the collection of the data.
10. As part of the application, the Licensee is required to provide a signed consent form from each eligible customer stating that the customer has expressed an interest in the Licensee becoming its new water supplier and containing a waiver by the customer of any restrictions on disclosure by Affinity Water to the Licensee of information held by us which is necessary to disclose to the Licensee for the purposes of the new supply arrangements.
11. We will only accept customer consent forms that have been signed, or verified by the customer as in force, no more than two months prior to being submitted. This will ensure that the customer is still interested in switching supplier and is in accordance with Ofwat's Access Codes guidance. We also request a declaration by the Licensee that the customer's premises are classified as eligible.
12. If facilities need to be constructed, the Licensee is required to prepare an outline scheme of the proposed design.
13. Affinity Water does not provide sewerage services. Licensees are required to provide us with details that could affect the sewerage provider's ability to bill or which may have an impact on their operational processes. This may require additional time as we would need to seek third party permissions.
14. We will assess the completed application questionnaire and request any additional information where required. When we receive a completed questionnaire, we will evaluate the information and provide a feedback report. This report will:
  - identify any issues or significant constraints requiring resolution, particularly relating to water quality and security of supply
  - communicate any feasibility study and/or testing requirements to the Licensee,

<p>including additional information required to assess technical feasibility</p> <ul style="list-style-type: none"> <li>○ request confirmation from the Licensee that it agrees the scope of any feasibility study and/or testing requirements</li> <li>○ set out the reasons, if we consider that the proposal is unfeasible</li> <li>○ include a preliminary access price</li> <li>○ include non-price terms identified at this stage</li> <li>○ highlight whether the supply is likely to constitute a strategic supply</li> </ul> <p>15. Once we have received written confirmation from the Licensee that they wish us to proceed, we will undertake the work specified and agreed. A feasibility study shall assess in detail the impact of the proposal and this may include network modelling. As part of this work we may revise our Water Resources Management Plan. If necessary, a revised Water Resources Management Plan shall be sent to Ofwat and the EA.</p> <p>16. We aim to issue our finalised feasibility report to the Licensee within 40 working days of receiving all the necessary information. As far as possible, the feasibility report shall detail the feasibility of the proposal and identify issues requiring resolution. We will also provide the DWI with a copy of our feasibility report.</p> <p>17. If requested, we will arrange a meeting date within 10 working days of the request.</p> <p>18. If the proposal is unfeasible, it may be necessary for the Licensee to reconsider its proposals and/or submit further information requiring us to undertake further feasibility modelling. If we believe that a proposal is not feasible at this stage, we will set out the reasons in writing. If the Licensee does not agree with our reasons, they may refer the matter to Ofwat for determination.</p> <p>19. When we are satisfied that we have a feasible proposal, we will provide a conditional offer including both price and non-price terms within 10 working days. This will be valid for a period of 6 months.</p> <p>20. The conditional offer may consist of one or more options detailing the terms on which access shall be permitted. If allowed to elapse outside the declared timescale an additional feasibility study may be required to ensure that the offer reflects the most up to date position with respect to the water supply system and its capacity.</p> <p>21. If requested, we can make an offer to another Licensee for the same customer during this time. In the event of a material change in circumstances we may vary an offer. The change to the offer and the reasons will be communicated. A subsequent offer will supersede an earlier offer. A Licensee can only accept the most recent offer at any time.</p> <p>22. We shall also a draft combined Access Agreement. The offer shall be subject to the execution by both parties of a formal written combined Access Agreement within the meaning of the WIA91.</p> <p>23. It is anticipated that the scope of detailed applications will vary considerably from case to case. Therefore, our costs include processing a detailed application questionnaire, evaluating proposals, producing feedback reports, meetings and the production of a conditional offer. Please note that additional time be required for more complex applications.</p>
<p><b>Stage 3 – Contract Negotiation</b></p>
<p>24. If the Licensee is content with our conditional offer it should submit its acceptance to us in writing within the specified timescale. We shall provide a draft combined Access Agreement for execution. This shall include clauses dealing with payment terms, quality issues, service levels and discussions regarding the operational relationship between us</p>

and the Licensee. At this point we shall allocate a unique premises reference number (UPRN) for the purpose of identification when the customer is transferred within the Customer Transfer Protocol (see Section 3 for more details).

25. The terms offered shall be open for discussion for up to 15 working days. If the Licensee accepts the terms we shall provide a contract normally within 10 working days of receipt of confirmation. The Licensee shall execute the contract and return it to us within 10 working days of receipt. It is expected that the scope of contract negotiations will vary considerably from case to case and we may require additional time to hold discussions with your sewerage provider. However, we would normally expect detailed contract negotiations to be completed within 40 working days, unless otherwise agreed.
26. In the event that the Access Agreement terms remain unacceptable, the Licensee can refer the matters in dispute to Ofwat for determination.
27. Once an Access Agreement has been executed the process proceeds to the CTP (see Section 3). We shall recover the costs of transferring a customer through the CTP from the Licensee. We shall advise the eligible customer of the change of supplier and expected transfer date.
28. We will establish an operational relationship with the Licensee for ongoing operations.

### **2.3.2 Wholesale supply arrangements**

It is not ordinarily envisaged that wholesale supplies shall involve changes to physical supply arrangements. Therefore, many provisions within retail Access Agreements are likely to be common. To reflect this, the Operational Code sets out the relevant procedure for applying for wholesale supplies.

All Licensees must sign a pre-contract confidentiality agreement before proceeding to the application stage. A sample confidentiality agreement can be found in Appendix 2. Licensees should contact us for a formal confidentiality agreement for execution and this will be provided within 3 working days. We will not proceed to process applications until we have received an executed confidentiality agreement.

If necessary, we will arrange a meeting date within 10 working days of a request.

In the event that the draft case specific schedule is unacceptable, Licensees shall contact us as soon as possible to inform us of the issues in question. We aim to conclude discussions and reach agreement within 20 working days of the Licensee receiving the draft documents. In the event that agreement on premises specific terms cannot be reached, the Licensee can refer the matters in dispute to Ofwat for determination.

Once an Access Agreement has been executed the process proceeds to the CTP.

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

Affinity Water is a water-only company. Sewerage services within our area are provided by others. At stage 1 of the application process, the Licensee shall inform their sewerage undertaker of the possibility that one of its wastewater customers may change its water supplier. Throughout the application process the Licensee shall also provide the sewerage undertaker with any information that could affect its ability to acquire details for billing, or that may impact on its other operational processes.

## 2.3.4 Objections and rejection process

If the Licensee has chosen to use the common contract as the Access Agreement and provided all the information required by that contract, then we will not reject the application on the grounds of insufficient information. However, in other circumstances, water undertakers (primary and secondary), Licensees (in the case of a customer transferring from one Licensee to another), regulatory bodies and other relevant parties may determine during any stage of the application process that an application cannot be progressed.

In addition to statutory conditions in sections 66A to 66C of the Water Industry Act 1991 other types of objection are not limited to, but may include the following;

- Provision of insufficient or incorrect details by the Licensee to allow the customer to transfer
- Refusal by the Licensee to provide necessary information
- Water undertaker or Licensees consider that the customer's premises are not eligible
- An application by another Licensee to supply the customer's eligible premises has been accepted
- The new supplier's proposals are impracticable e.g. unfeasible hydraulic conditions
- Unacceptable water quality implications
- Unacceptable impact on our existing customer base
- Concerns over source risk assessment
- Reasons of national security

In the event that a party objects or rejects an access application, the person making the objection shall provide the Licensee with full reasons for the objection in writing. This shall be done as soon as possible after that party becomes aware of the problem. The relevant parties shall seek to resolve the issue(s) where possible. In the event that the issues cannot be resolved, the Licensee shall inform all relevant parties that the application is not to continue.

In the event that agreement cannot be reached, the Licensee can refer the matters in dispute to Ofwat for determination.

## 2.4 Access criteria

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### 2.4.1 Water quality input specification

#### 2.4.1.1 Quality parameters

All water entering the distribution system must comply with the requirements of the 'Water Supply (Water Quality) Regulations 2016' (*hereafter referred to as the Water Supply (Water Quality) Regulations*), DWI guidance and information letters including any subsequent amendments revisions or updates.

The Licensee must be able to demonstrate that the sampling and analysis used in support of a Combined Supply application has been carried out in accordance with the requirements of section 16 of the Water Supply (Water Quality) Regulations, and in particular the requirements of Regulation 16 (e) on analytical quality control.



A statistically significant number of treated water sample results from all relevant sample points should be submitted to Affinity Water. As a minimum, the samples must be representative of water quality over 4 seasons in 1 year. However the Licensee should submit all available water quality data. The water should be analysed, as a minimum, for all of the parameters listed in Schedule 1 and 2 of the Water Supply (Water Quality) Regulations.

Treated water samples should be taken at a point where the water is representative of that which the Licensee proposes to introduce into Affinity Water's supply system. The locations of treated sample points must be detailed on the Combined Supply application.

In addition, Affinity Water continues to monitor for a number of other parameters which are no longer regulatory requirements, but which are still important to customers. Data requirements and standards will be set on a site by site basis.

Affinity Water does not currently undertake any fluoridation of supplies, however this could change following request from Public Health England and in which scenario the Licensee would also need to meet the required specifications and confirm compliance with the relevant legislation and associated Code of Practice.

All chemicals or materials in contact with potable water or water intended for supply, e.g. those used in treatment processes, must comply with Regulation 31 of the Water Supply (Water Quality) Regulations as amended.

#### *2.4.1.2 Special circumstances relating to water quality standards*

In order to protect the quality of water received by consumers and to maintain the condition of the distribution system it is essential that incoming water sources are compatible with existing supplies.

Water quality of supplies within Affinity Water's distribution network varies according to location. Therefore it is not possible to give an exact specification of what would constitute a compatible supply. The water quality parameters will be provided on a site by site basis.

#### *2.4.1.3 Guidance Values for aspects of water quality relevant to treatment and distribution*

The prediction of how new inputs of water to the distribution network will react with existing waters can be very difficult. This can include aesthetic aspects including taste and odour, THM formation, iron, aluminium and nitrite concentrations and microbiological quality.

Similarly effects such as plumbosolvency, cuprosolvency, dissolution of other plumbing metals, release of ferric and non-ferric scales, corrosion of and reaction with water mains, fittings and supply pipes can be difficult to predict.

Such issues will be addressed in part by compatibility studies. Subsequently, further verification will be achieved by specifying a trial period in the Access Agreement. The anticipated duration of a trial period is 6 months, the resolution measures will depend on the specific circumstances but may require the Licensee to withdraw their input where a problem arises and subsequently to investigate and resolve the problem.

#### *2.4.1.4 Water Treatment Standards*

Sources of water used for Combined Supplies must be subject to water treatment processes that are appropriate to the quality and variability of the water source. Treatment processes

and practice may also be dictated by the requirement to maintain water quality within the distribution system.

Treatment standards will be agreed on a case specific basis; it is not practical to list all of the relevant anticipated standards in the Access Code. Treatment standards for disinfection, cryptosporidium, plumbosolvency and fluoridation are well documented through DWI and government guidance. Affinity Water expects Licensees to follow this guidance.

#### *2.4.1.5 Pre-entry Supply System modelling*

Affinity Water will produce (if required) a calibrated hydraulic model as part of the feasibility studies outlined in the application process. In the context of water quality this model will be used to identify any flow reversals, significant velocity change, mixing or long retention times that could cause water quality issues. The model will subsequently be used to indicate how these issues might be avoided.

#### *2.4.1.6 Special circumstances relating to water quality standards*

Affinity Water will prepare and agree with the Licensee notification requirements in the event of any unusual results or an emergency. The Licensee must immediately notify Affinity Water and undertake investigations. Notification may trigger reporting by Affinity Water to DWI of any event.

Where a change in the quality of a supply gives rise to, or is likely to give rise to, a contravention of the Regulations, the Licensee's input may be suspended, as stated in Ofwat's Guidance on Access Codes:

*"If the quality of water in distribution changes significantly after a scheme goes live Licensees must change their input to ensure compatibility. The DWI considers that in most cases it should be possible for the Licensee and the water undertaker to agree a solution to water quality issues without its involvement. The Licensee should bear any associated costs".*

## **2.4.2 Water flow and pressure**

We will agree the Licensee's point of entry to our supply system subject to any physical engineering constraints and our ability to meet all existing and future obligations to supply water for domestic purposes. Adequate control of flows and pressures that may affect the performance of the existing water supply system or our service levels to existing customers must be maintained.

Flows into our existing water supply system will require measurement in accordance with recognised water industry standards and will be subject to risk assessment. Non-return valves or other similar devices may be required to protect the existing water supply system from activity upstream of the point of entry meter, such as planned or unplanned maintenance or asset failure.

Pressures at point of entry will be agreed subject to existing hydraulic limitations, economic operating regimes and water quality of the existing water supply system or water supply zone(s). Additional costs incurred or the ineffective use of our plant, pumps or infrastructure will be considered as part of the access application.

The Licensee must provide us with a plan of the network or pipework upstream of the input to our water supply system, giving details of typical flows and pressures throughout the day



and night, to enable us to ensure that the above criteria are met. This plan should extend back to the water treatment works supplying the point of entry, so that we can assess the implication to the combined system (both Licensee and undertaker) of any planned preventative maintenance that we might carry out on our supply system as well as any emergency works or failures on our system.

Affinity Water will produce (if required) a calibrated hydraulic model as part of the feasibility studies outlined in the application process. In the context of water flow and pressure this model will be used to identify any flow reversals, flow or pressure variations and hydraulic restrictions that could cause water flow or pressure problems (either high or low). The model will subsequently be used to indicate how these issues might be avoided.

Any variations which potentially result in not achieving the Ofwat water flow and pressure standards will require a permanent (24/7) contingency solution by the Licensee.

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

### *2.4.3.1 Standard monitoring requirements*

The Combined Licensee will be required to monitor water quality in order to satisfy:

- The Water Supply (Water Quality) Regulations and the associated guidance issued by DWI;
- Any additional monitoring requirements set down in the Access Agreement on a case-by-case basis and as required as part of Authorised Departures, Notices or Undertakings.

As detailed in Section 2.4.1 ii) in the event of a water quality exceedance or incident which by its nature could lead to unwholesome water or water unfit for human consumption entering our water supply system, we may suspend inputs from the Licensee without notice. The Licensee shall be expected to immediately notify us in such circumstances; if we suspend inputs, we shall immediately notify the Licensee.

Affinity Water's regulatory sampling regime is based on the Water Supply (Water Quality) Regulations. For certain parameters e.g. pesticides and radioactivity, the detailed requirements are set out in formal guidance issued by the DWI. Additional regulatory monitoring, over and above the statutory minimum requirements, may be carried out where this is considered appropriate e.g. in support of schemes to improve water quality. The results of regulatory monitoring programme are reported to DWI on a regular basis. For further guidance on the Regulations or DWI requirements Licensees should refer directly to the DWI.

In order to protect existing supplies to customers, additional monitoring may be required. The extent and nature of this additional monitoring will depend on the circumstances but may include:

- Monitoring to determine the quality of raw water sources and the performance of treatment processes,
- Monitoring at the point of entry to the supply system,
- Additional monitoring within the supply system,

These additional monitoring requirements will be specified on a case-by-case basis. The level of additional monitoring will depend on a number of factors including:

- The nature of the water source,
- The type of treatment,
- The quality and quantity of any historic monitoring data,
- The conclusions of any risk assessments,

#### *2.4.3.2 Standard monitoring considerations*

The introduction of a new water source into the distribution system could affect the delineation of water supply zones. The type of source or treatment may also change the sampling frequency required for particular parameters. If Affinity Water is required to make changes to its statutory or monitoring programme, the additional costs will be reflected in the charging arrangements.

#### *2.4.3.3 Reporting of monitoring data*

Where a Licensee operates a water treatment works or a service reservoir, the Licensee must comply with the requirements of the Water Undertakers (Information) Direction 2012 and submit results to DWI on a monthly basis. Further details are given in Information Letters 02/2004 and 6/2003.

The Licensee must comply with future revisions and amendments to The Information Direction and/or other DWI guidance and Information Letters.

The arrangements for reporting regulatory and operational monitoring data to Affinity Water will be agreed on a case-by-case basis. In general terms, this data may include but not be limited to, laboratory results, test kit results, instrument readings and on-line data. The reporting frequency and format will be agreed on a site-specific and parameter specific basis.

#### *2.4.3.4 Suspension of Input*

Affinity Water may also require automatic shutdown of the Licensee's input. This process will be based on specified trigger levels and would be the case for a treatment failure.

Licensees must provide details of pollution or suspected pollution, unusual changes in water quality or failures of standard monitoring requirements. The Licensee shall be expected to immediately notify us in such circumstances.

In the event of a water quality exceedance or incident which by its nature could lead to unwholesome water or water unfit for human consumption entering our water supply system, we may suspend inputs from the Licensee without notice. If we suspend inputs, we shall immediately notify the Licensee.

## 3 Customer Transfer Protocol

### 3.1 Principles

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If you wish to find more detailed information on the CTP, please refer to the Ofwat website.

Standard Licence Condition 6 and Condition of Appointment S require Licensees and water undertakers to comply with Ofwat's CTP.

Relevant sections of the WIA91 (as amended by the Water Act 2003), Condition of Appointment R and Standard Licence Condition 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;

- any water undertaker and any Licensee; and
- any two Licensees.

### 3.2 Rules of behaviour

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

### 3.3 Data transfer

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

All Licensees and water undertakers must give details of the name and contact details (which must include an email address) of the person to whom Licensees and water undertakers should send all CTP data flows in the data format prescribed by the CTP.

Our contact details are shown below;

Contact: Senior Regulatory Economist

Company: Affinity Water Limited

Email: [regulation@affinitywater.co.uk](mailto:regulation@affinitywater.co.uk)

Tel: 01707 268 111

### 3.4 Registration and operational processes

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All Licensees and water undertakers 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

We are responsible for the operational control and maintenance of our supply systems. Each Licensee must cooperate with us to ensure we can operate at optimum efficiency, without compromising our operational standards and control.

### 4.1 Supply system management

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#### 4.1.1 Unbilled water

##### 4.1.1.1 Leakage

At Affinity Water, we maintain a proactive leakage management programme on our supply system. A leakage model is used to forecast levels of leakage and we operate a number of internal procedures to proactively identify high leakage areas and to rectify any issues found.

If we identify that an eligible customer's premises with an Access Agreement is showing signs of leakage, the Licensee shall take all reasonable steps to identify any excessive unaccounted for water and notify us of any actions undertaken to rectify a problem and where relevant, provide us with the results of any investigation.

##### 4.1.1.2 Unauthorised use of water

The Licensee must take all reasonable steps to prevent illegal connections, theft of water and unauthorised use of standpipes, including notifying us if it becomes aware of such activities either at premises for which it is the licensed supplier, or elsewhere.

We shall seek to terminate any Access Agreement and also seek recovery through the due legal process if the Licensee is not actively and successfully pursuing the perpetrator of the above activities within an agreed timeframe.

##### 4.1.1.3 Water for fire fighting purposes

We are responsible for providing water for the purposes of fire fighting. We will not charge Licensees for water used for the purposes of fire fighting. Licensees should record or estimate the volumes of water used for fire fighting purposes and notify us of these volumes to ensure that they are not charged for water used in this way.

We shall not be held liable for any reduction or loss of supply to the Licensee or its customer(s) where that loss of supply is as a result of water being taken from our network for the purpose of fire fighting.

As part of the feasibility studies and testing we will take into account the effect of the Licensee's proposed introduction of water on our ability to maintain adequate supplies and pressure for fire fighting water.

Additional special requests for fire hydrants will be dealt with under Section 58 of the WIA91 and any costs will be recovered in accordance with Section 147 of the WIA91.

#### 4.1.2 Drought and water resource plans

We shall retain sole responsibility for the production and review of our Drought Plans. We shall require the Licensee to provide appropriate data in a timely fashion upon request such

that the planning process is not unduly delayed. Information required includes, but is not limited to:

- Licensee’s customer(s) usage forecast for the next three years on a rolling year basis;
- Licensee’s customer(s) seasonal usage variation profile with anticipated supply needs data provided on a month by month basis;
- Criticality assessment of Licensee’s customer(s) processes and an assessment of the absolute minimum supply requirements to support those processes;
- Mitigation measures put in place by the Licensee’s customer(s) in order to maintain supplies in the event of drought conditions affecting our ability to maintain maximum supplies. In particular the Licensee shall take all steps to encourage its customer(s) to arrange for 24-hour water storage facilities at its premises;
- Risk assessment of the Licensee’s source and supply assets including the potential for pollution, the likelihood of outage etc.

Any information provided by the Licensee under this subsection shall be provided at no cost to us.

We shall retain overall responsibility for the planning of water resources within our statutory water supply area. Incorporated into the resource planning process will be any supplies that are introduced to our water supply system under the terms of an Access Agreement. The resource planning exercise is conducted in conjunction with the requirements of the EA with a 25 year planning process horizon. The Licensee shall be expected to fully support us throughout that process.

In support of the resource planning process we shall require the Licensee to prepare and submit management plan(s) in respect of any water sources that are to be used to introduce water supplies to our water supply system.

In the event of a drought additional information may be needed at short notice for EA submissions and the Licensee is expected to fully support the process.

The output from our resource planning process may indicate that capital works are required in order to maintain the supply-demand balance requirements. This may entail the duplication of supplies and networks to ensure that adequate supplies can be maintained in the event that the Licensee is unable to meet its agreed input supply arrangements. Such costs shall be taken account of within the access charge.

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

All bulk transfer meters must be connected to our live telemetry monitoring system. Data collected will be made available to the Licensee. We will agree the frequency and format of this data share as part of the Access Agreement.

On a case by case risk assessed basis, we may require that provision is put in place for the remote shutdown of a Licensee’s input of water to our water supply system. This may require full Instrument Control and Automation (ICA) installation at our control centre. All costs for such installations shall be borne by the Licensee.

The Licensee may make provision for a telemetry signal connection to its nominated telemetry reporting system and shall bear all cost in relation to such action. Any connections

made that present a direct impact to our telemetry monitoring system shall be installed and commissioned by our approved telemetry installation contractors.

We shall carry out a periodic verification exercise of the data provided to our telemetry monitoring system and shall address any anomalies with the Licensee. In the event of the Licensee obtaining its own data via a telemetry system the Licensee shall be expected to carry out a similar verification exercise and shall notify us of any identified anomalies.

We will maintain ultimate control in the management of emergency situations and incidents, in accordance with our own policies and procedures. Copies shall be made available upon request. Where necessary, the Licensee shall install remotely operated isolation systems linked via telemetry means to our telemetry control room.

#### **4.1.4 Secondary connections**

We define 'secondary connection' as being an additional connection made by the Licensee to or from our water supply system. No such secondary connections shall be made without our full authority. If a Licensee requires a secondary connection, an application must be made to us which includes full details and the reason for the request.

On receipt of the application we will carry out any necessary investigations before any approval is given to proceed. Any secondary connection made under such approval shall be made in accordance with the provisions of the Access Agreement already in place. All costs associated with secondary connections shall be recovered from the Licensee.

Should we become aware that a Licensee has made a secondary connection without our approval, we will seek to terminate any Access Agreement in force and shall further seek to recover costs expended by us in the pursuance of the agreement and its termination.

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

Our supply system asset location data is available via an internet-based service (further details available on request). It is anticipated that sufficient information shall be available to meet day-to-day operational needs. This information can be viewed free of charge on our system or at our Head Office. Further details as to the extent and location of this service shall be made available on request.

For the purposes of the Access Agreement, an asset plan shall be made available, showing the location of the proposed connection point(s) and any other mapped information. The extent of any mapped information to be provided shall be agreed between us and the Licensee. We reserve the right to make an appropriate charge for the provision of any mapped data required by the Licensee.

Any significant changes to either the Licensee's or our asset information on the locational data systems will be notified in a reasonable time frame to the other party.

We require the Licensee to provide all design, as built, updated records relating to all assets that are installed or taken over by the Licensee. Such provision shall be made at no cost to us. Drawings shall be at a scale between 1:500 and 1:1250, shall be legible when printed in either A3 or A4 paper and not exceed A0 in size. Where the area of survey is extensive, multiple drawings shall be produced. All drawings should include the background Ordnance Survey geography to ensure accuracy of location.

Newly installed apparatus shall be marked clearly to distinguish it from existing apparatus.

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

The Licensee shall make provision for an approved sampling point to be located immediately on their side of the input connection point, being capable of providing samples representative of the water being introduced into our water supply system.

The Licensee is responsible for obtaining samples to meet all appropriate regulatory requirements, and shall provide analytical results of the samples to us without undue delay.

Should any sample parameter result fall outside of the agreed standards the Licensee must take immediate action and also notify us as soon as is reasonably practicable using all available means of contact, as outlined within the Access Agreement. In the first instance, the Licensee shall make all necessary arrangements and immediately take steps to isolate its supply from our own water supply system.

In the event that a Licensee's source works is connected to our water supply system, the Licensee shall demonstrate that effective and fully operational automatic shutdown facilities exist at the source works in question for use in the event of any quality issue that might arise. The automatic shutdown protocols are to be tested at an agreed frequency.

In addition to the above local isolation methods, we shall review all applications for access on an individual basis and shall, where deemed necessary, require the Licensee to install suitable remotely operated source works and/or distribution network isolation systems. Such systems are to be linked via telemetry means to our telemetry control room such that any source works or distribution network connection may be isolated from our water supply system without delay. Such isolation systems are to be periodically tested for correct operation.

All shutdown protocols or systems shall be installed and operated in accordance with our policies, procedures and standards. Copies of these will be made available on request.

## **4.1.7 Drinking water safety plans and provision of water quality information**

### *4.1.7.1 Drinking Water Safety Plans*

We are required by the DWI to prepare Drinking Water Safety Plans in respect of the risks associated with the supply of wholesome water from source to tap. The Licensee shall be required to provide its own Drinking Water Safety Plan(s) in respect of any Licensee assets connected with the supply of water into our water supply system, and in respect of any distribution supply taken from our water supply system. The supply shall be detailed in the Risk Assessments and Regulation 28 reports of both parties.

The Licensee shall provide Affinity Water with details of any risk based monitoring programmes that are relevant to the supply (e.g. the names of pesticides assessed in the raw water source from which the supply is taken) so that monitoring programmes of the parties can, where appropriate, be aligned.

### *4.1.7.2 Provision of Water Quality Information*

The parties will cooperate in providing each other with information reasonably required in order to conduct and update their Risk Assessments to the extent that it is relevant to the supply.

The Licensee will provide Affinity Water with the following:



- a copy of any Authorised Departure or Undertaking (including the schedule of works), associated with the supply;
- a copy of any relevant part of a Notice or Report associated with the supply;
- details of the DWSP, including any material changes to the DWSP before they occur (except in the case of emergencies where the Licensee should inform Affinity Water as soon as practicable after necessary action is taken); and
- information set out in the local arrangements which will be agreed with the Licensee as part of the operating conditions

The Licensee will keep Affinity Water fully informed if seeking an Authorised Departure or Undertaking which affects the Supply or if a Notice is received which affects the Supply.

### **4.1.8 Compliance with water fittings legislation**

Affinity Water shall retain responsibility for all inspection and enforcement activity in respect of the Licensee's customer's compliance with the appropriate water fittings regulations and associated legislation. This shall ensure, as far as is reasonably practicable, that our water supply system is protected from any event or incident occurring within the Licensee's customer's premises. The Licensee will comply with any enforcement orders issued. Compliance with water fittings legislation applies to all points within a treatment process downstream of the last treatment stage and from the curtilage of any premises.

## **4.2 Metering services**

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### **4.2.1 Meter asset management**

Only metering equipment which meets our specifications and has been approved by us may be installed at all points of water transfer from the Licensee's water network or source to our supply system, and at all points where water leaves our supply system and transfers to the Licensee's customer's premises.

Where water is supplied from a Licensee-owned source, we may, at our discretion or on an individual application basis, accept the source output meter as the agreed metering point, providing that the pipe length distance between the source output meter and the point of connection to our supply system is no longer than 500m.

Any meters installed shall become and remain the property of Affinity Water.

#### *4.2.1.1 Metering solutions available*

We will select an appropriate meter installation in each case. The meter will be consistent with our preferred list of devices which is available on request.

#### *4.2.1.2 Meter installation*

Once an Access Agreement is complete, we will make arrangements for the installation of metering equipment at all points of transfer and carry out the work in agreement with the Licensee. The Licensee will be provided with a suitable point of connection for its supply and/or distribution network.

All metering installations made by us will incorporate a locked bypass arrangement for use during any meter maintenance or calibration exercise. We will make an appropriate at cost change in respect of any meter installation work.



#### *4.2.1.3 Meter maintenance*

Affinity Water will retain responsibility for all maintenance work required to our meter installations and will notify the Licensee of our intention to carry out any necessary maintenance, alongside details of the impact of the activity so that the Licensee can make any necessary arrangements with its customers.

The Licensee shall further indemnify us against any claim by their customer(s) in respect of any losses occurring as a result of the maintenance activity save insofar as the losses may be directly attributed to the negligence of Affinity Water, our personnel and/or our contractors.

We will not make a charge to the Licensee for any maintenance activity required save insofar as the work is required due to the negligent activity of the Licensee, its personnel, its contractors or its customers.

All maintenance work will be carried out under a term maintenance contract with a nominated supplier. The Licensee shall be made aware of the contractor involved as and when required.

Where the meter maintenance activity has necessitated the opening of the meter bypass arrangement to maintain a customer supply, we shall agree with the Licensee an appropriate estimation of the likely water usage during the period of bypass operation. Such agreed figure will be incorporated into the reconciliation processes.

The Licensee is expected to maintain any metering installations that are used for flow measurement and charging purposes that remain under its ownership to at least the same standards as employed by us. The Licensee shall provide a programme of maintenance activity and evidence of all maintenance work carried out against the agreed programme of maintenance.

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

Affinity Water will retain responsibility for all statutory and operational calibration of the meter installation, and shall carry out such calibration using technology appropriate to the specific meter installation. Calibration of meters may, dependent on the installation type, require the removal of the meter for bench testing to take place. In such instances the meter shall be replaced with a previously calibrated and certificated meter that is suitable for the particular installation.

We will notify the Licensee of our intention to carry out necessary calibration work, detailing the activities to be carried out together with the impact of the activity.

The Licensee shall further indemnify Affinity Water against any claim by the Licensee's customer(s) in respect of any losses occurring as a result of the calibration activity save insofar as the losses may be directly attributed to the negligence of Affinity Water, our personnel and/or our contractors.

We will not make a charge to the Licensee for any maintenance activity required save insofar as the work is not required due to the negligent activity of the Licensee, its personnel, its contractors or its customers.

Where the meter calibration and verification activity has necessitated the opening of the meter bypass arrangement to maintain a customer supply, we shall agree with the Licensee

an appropriate estimation of the likely water usage during the period of bypass operation. The agreed figure will be incorporated into the reconciliation processes.

The Licensee shall be expected to calibrate and verify the accuracy of its own metering installations and any metering installations, that are used for flow measurement and charging purposes that remain under its ownership to at least the same standards as employed by us. The Licensee should provide a programme of calibration and verification activity and evidence of all calibration and verification work carried out against the agreed programme, and must provide us with the appropriate documentation.

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

Affinity Water retains responsibility for the collection of data from all meter installations owned by us.

Where the input supply meter installation is situated on the Licensee's source works, the Licensee shall make all arrangements for, and support the installation of, appropriate telemetry signal equipment with the ability to provide a meter reading signal to our telemetry monitoring system.

Meter reading data shall be used for charging, supply system balancing, and flow reconciliation processes, and shall also be made available to the Licensee at an agreed frequency and in an agreed format. Where meter readings are obtained via telemetry from a Licensee owned meter the Licensee shall provide manual back-up readings for use in any verification activities.

Periodic verification exercises shall be undertaken to ensure that the figure reported to the telemetry system is an accurate recording of the flow physically passed through the meter.

In the event of a disputed meter reading, the Licensee shall contact us straight away and we shall seek to resolve the dispute as quickly as possible.

## **4.3 Supply system balancing**

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At Affinity Water, we are responsible for the balancing of our supply system. We have a number of operational processes in place to ensure that our water supply system is operated in the optimum way. When a Licensee applies for access, we will consider the impact of that Licensee's input of water on our processes.

### **4.3.1 Strategic balancing**

#### *Annual review*

We carry out a water resources review on an annual basis. This is a regulatory requirement and enables us to forecast demand for water within our area of supply. As part of the process, we are also able to determine where there may be capacity headroom or deficit and understand potential interventions to manage capacity issues over a given period of time.

We expect Licensees to provide us with any necessary information in relation to their own supplies which flow into our supply system in order to complete this review. The Licensee is also expected to provide us with information of any planned outages so that we can plan our supplies appropriately.

### *Using strategic supplies*

A strategic supply is an introduction of water by a Licensee that can be designated as 'strategic' by Ofwat under sections 66G and 66H of the WIA91. Where an introduction of water is designated as strategic, this means that if the Licensee fails either procedurally or financially, it shall be subject to special administration procedures and the water supply shall continue to be introduced into the water undertaker's supply system.

Ofwat will consider whether a supply should be designated as strategic if, without the introduction of water being made, there would be substantial risk that the water undertaker would be unable to maintain water supplies to its own customers for domestic and non-domestic purposes as well as supplying the Licensee's customers with water for domestic purposes. Please note that Ofwat does not have to consider whether undertakers can supply Licensee's customers with water for non-domestic purposes.

We shall consider, in line with Ofwat's guidance and on a case by case basis, whether we will request Ofwat to designate an introduction of water as a strategic supply. This shall be considered as part of the combined application process but shall also be an ongoing consideration throughout the period of an Access Agreement. If introductions of water are not designated strategic, we will still have to meet our supply duties and may have to retain available resources.

### *Back-up supplies*

We will meet our supply duties as set out in the WIA91. If a Licensee's supply arrangements fail, their customer(s) should apply to us for a water supply as a new customer. Where a Licensee's customer requires additional security of supply, we will consider any requests on a case by case basis. Costs associated with this will be recovered from the Licensee's customer.

### *Interim duty to supply*

Our interim duty to supply is set out in Section 63AC of the WIA91. In the event that a Licensee stops supplying its customer's premises, we will provide both domestic and non-domestic supplies for an interim period of three months.

It should be noted that we are not required to provide an interim supply if we incur unreasonable costs in carrying out works or if the provision of the interim supply puts at risk our ability to meet our existing and future obligations for supplying water for domestic purposes.

### *Interruptible customers and interruptions to supply*

At Affinity Water, we do not currently offer an interruptible supply tariff option. We do not supply any customers on an interruptible supply basis at the present time.

## **4.3.2 Flow balancing and reconciliation**

### *4.3.2.1 Supply system usage forecasts for wholesale supplies*

Before entering into an Access Agreement, the Licensee must provide us with the customers' current demand, profiled by day, week, month and year. In addition, the customers' projected demand including profile, peaks and growth must also be provided.

We will use this information to assess the impact on our existing operational procedures and our asset base. In some cases, we may propose that capital expenditure is required before the Access Agreement is put in place.

#### *4.3.2.2 Supply system usage forecasts for combined supplies*

Before entering into an Access Agreement, the Licensee must provide us with details of its proposed input to match its customer demand profile by day, week, month and year. In addition, the customers projected demand including profile, peaks and growth must also be provided.

We will use this information to assess the impact on our existing operational procedures and our asset base. In some cases, we may propose that capital expenditure is required before the Access Agreement is put in place.

#### *4.3.2.3 Imbalance accounting*

We are responsible for ensuring that the balance of our supply system is maintained and will carry out imbalance accounting so that any shortfalls or surpluses in the amount of water input by the Licensee can be financially compensated.

We are responsible for balancing the aggregate demands on the supply system including making good the water lost through leakage. It should be assumed that the amount of water lost through leakage is equal to the economic level of leakage.

Unless agreed otherwise as part of the Access Agreement, the flow and profile of water input by the Licensee should be equal to the water consumed by their customers. The Access Agreement will specify a flow profile which must not be exceeded by the Licensee. Under certain circumstances, we may also specify minimum volumes. The Access Agreement will also specify a balancing period and network balance statement period.

#### *4.3.2.4 Reconciliation*

Affinity Water will agree with the Licensee a suitable reconciliation period over which to assess the volume of water input by the Licensee and the volume of water taken by its customer(s). This will be set out in the Access Agreement.

We reserve the right to restrict the Licensee's input to our supply for operational reasons e.g. for maintenance or repair. If such a restriction is applied on the Licensees' input, any shortfall will normally be allowed to be made up in the following month without balancing charges being applied in the month the restriction was actioned by the Licensee.

For wholesale supplies, the reconciliation will consider the variance between the forecast and actual customer demand.

For combined supplies, the reconciliation will consider both the variance between;

- Forecast and actual customer demand; and
- Actual Licensee input into the system and actual customer demand from the system.

The detailed process will be agreed and specified in the Access Agreement.

#### *4.3.2.5 Peak season and off-peak season reconciliation*

We may operate our supply system in a seasonal manner. At the time of application, we shall assess the impact of any seasonal inputs or outputs to or from our supply system.

# 5 Supply System Maintenance and Emergency Procedures

## 5.1 Diagnosis of system issues

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

#### 5.1.1.1 *Responsibility of water undertaker*

We shall remain responsible for analysis of our water supply system. In the event of any actual or potential flow, pressure, or quality event arising we shall take all reasonable steps to identify the cause(s) of the actual or potential event, and to put appropriate measures in place to resolve the event or to prevent the event from occurring.

#### 5.1.1.2 *Responsibility of Licensee*

The Licensee shall be expected to assist in the process of event investigation and resolution, and in particular shall provide us with all available information as to the symptoms of an event being experienced by the Licensee's customer(s). The Licensee shall be expected to notify us of any actual or potential event e.g. backflow issues, to or within its own supply system, that has or may have an impact on our water supply system.

Where an event, on investigation, is found to be the result of any action, inaction, failing, breach of agreement, breach of regulatory requirements, etc by the Licensee or the Licensee's customer(s), we will take all steps to recover our reasonable costs in respect of rectifying the situation.

The Licensee is expected to indemnify us against any subsequent claims for loss other than claims made in respect of our statutory responsibilities.

### 5.1.2 Quality issues

We will investigate any actual or potential quality problems within our water supply system and will promote solutions to resolve problems and to prevent the occurrence of potential problems. The Licensee shall be kept informed of the progress and outcome of the investigation, and shall be provided with all applicable quality sample data as an assurance that quality conditions have returned to, have remained within, or shall be managed to remain within normal accepted and agreed standards.

The Licensee shall immediately notify us of any water quality related event within its own water supply system that has, or may have, an impact on our water supply system. The Licensee shall provide us with any data requested by us in relation to the event and any follow up reporting requirements.

Where a quality issue is, on investigation, found to be the result of any action, inaction, failing, breach of agreement, breach of regulatory requirements, etc, by the Licensee or the Licensee's customer(s), we shall take all steps to recover our reasonable costs in respect of rectifying the situation.

### *5.1.2.1 Notification and escalation requirements for water quality events*

Affinity Water and the Licensee will meet to agree scenarios, timescales and principles for reporting any changes which may impact the quality of the supply to consumers. This includes but is not limited to:

- In respect of a supply of potable water, where any circumstances arise which have led to a breach of Regulation 4 (or where the Licensee believes there is a significant risk of such a breach) which could impact the supply.
- In respect of supplies of non potable water:
  - any significant change in water quality which the notifying party believes may have an impact on Affinity Water; and
  - any significant Intake Protection Alarms where the Licensee identifies a potential impact on the quality of the supply.

### *5.1.2.2 Third party communications*

In managing all water quality events and incidents, communications with external stakeholders is critical in ensuring adequate protection of consumers. The Licensee must notify Affinity Water of, but not limited to, the following situations;

- Any event which is notified to a Regulator, a Health Authority or a Local Authority that may impact upon the supply;
- a significant change in the number or type of water quality customer contacts where assessment identifies a potential link to, or impact upon, the supply;
- any significant aesthetic issue affecting appearance, odour or taste which the Licensee believes may have an impact on, or be attributed to, the supply;
- any planned work which identifies a potential impact on the supply;
- any other information that has the potential to significantly impact the supply.

All notifications shall be made initially by telephone followed by e-mail communication. The contact names, telephone numbers and e-mail addresses shall be agreed through annual operational water quality meetings with Affinity Water, except where alternative contact details are supplied by either party. Telephone contact between parties must be available 24 hours a day.

Where a water quality issue has been identified and notified, an ongoing dialogue between the parties regarding impacts and remedial actions should be conducted.

## **5.1.3 Hydraulic issues**

We will investigate any actual or potential hydraulic issue within our water supply system and will promote solutions to resolve problems and to prevent the occurrence of potential problems. The Licensee shall be kept informed of the progress and outcome of the investigation. The Licensee shall be provided with all applicable data as an assurance that water supplies can, and will be, managed to within normal accepted and agreed standards.

The Licensee shall immediately notify us of any hydraulic issue within its own water system that has, or may have, an impact on our water system. The Licensee shall provide us with any data requested by us in relation to the event and any follow up reporting requirements.



Where a quality issue is, on investigation, found to be the result of any action, inaction, failing, breach of agreement, breach of regulatory requirements, etc, by the Licensee or the Licensee's customer(s), we shall take all steps to recover our reasonable costs in respect of rectifying the situation.

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

As a general rule, all real time data capture will be through the use of our telemetry system. In this and all other cases, we will determine the format (usually paper or electronic) and frequency of data captured by the Licensee and shared with Affinity Water as part of the Access Agreement.

#### **5.1.5 Reporting procedures**

The Licensee must establish an emergency point of contact for both customers and Affinity Water which operate on a 24/7 basis. We will also provide a point of contact for the Licensee.

Contact arrangements for the customers of the Licensee are detailed in Section 6. Affinity Water customers should contact us in all circumstances. Customers shall be redirected to the appropriate contact point where necessary. The Licensee shall ensure that its customer(s) are fully aware of which organisation to contact and, in particular, in what circumstances its customers shall contact us directly.

The details of our procedures for the reporting of issues and investigation of supply system problems, including emergencies throughout our business, across our customer base and to our regulators, are contained in our company policy documents. Relevant sections of these documents shall be made available to Licensees on request. Similarly, the Licensee shall provide us with its procedures on request.

### **5.2 Planned system maintenance**

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

##### *5.2.1.1 Responsibility of water undertaker*

We will carry out planned maintenance works on our water supply system. We shall remain responsible for all planned maintenance activity up to and including the assets at the agreed point of input to our supply system and at the agreed point of supply to the Licensee's customer(s).

Any planned maintenance work shall be carried out under our current Policies and Procedures that shall be made available to the Licensee on request. The Licensee shall benefit from the same level of service as received by our existing non-household customers. The procedures include for the preparation of appropriate risk assessments for the work being carried out.

From time to time planned maintenance work by Affinity Water may require the Licensee to alter or cease the input supply arrangement in order to assist in the completion of the work. In such instances agreement shall be reached between the parties in respect of any effect on the balancing and reconciliation exercise, and the work shall be planned to restrict, as far as is practicable, any disruption to the customers of either party.

### *5.2.1.2 Responsibility of Licensee*

The Licensee shall carry out all maintenance works on the assets under its control, and shall notify us of any planned activity that shall impact in any way on our water supply system, our ability to maintain operations, and/or our ability to meet our statutory requirements. This is of particular relevance to Licensees who enter into a combined supply Access Agreement, whereby Licensee maintenance work may impact on the agreed input supply arrangements.

The Licensee shall alter or cease the input supply arrangement, where necessary, in order to assist us in the completion work.

The Licensee shall notify its customers of any disruption to supply or service that may result from planned maintenance activity by Affinity Water.

## **5.2.2 Specification of assets**

We will remain responsible for the maintenance of our water supply system from the Licensee's point of input supply (if applicable) up to the agreed point of supply to the Licensee's customer(s). The Access Agreement will set out the precise scope of the assets to be included in planned maintenance schedules.

## **5.2.3 Maintenance standards**

We will provide the same standard of service to Licensees and Licensee's customer(s) as we do for our existing non-household customers. As Licensees are not customers of undertakers for the purposes of the Government's Guaranteed Standards Scheme (GSS), payments shall not be payable to Licensees or customers of Licensees unless specified in the Access Agreement.

## **5.2.4 Risk assessment processes**

Where asset maintenance activity is required a risk assessment shall be prepared in accordance with our current operating procedures. The Licensee shall be invited to comment to ensure that the needs of all customer(s) are protected. Our policies and procedures for the creation and implementation of risk assessments shall be made available to Licensees on request.

In a situation where the Licensee refuses, neglects or does not otherwise provide input to the risk assessment process the Licensee shall be deemed to have indemnified Affinity Water against any claim for compensation by or on behalf of the Licensee's customer(s).

The Licensee shall carry out its own risk assessment of the impact of any planned maintenance works to be carried out by us and shall provide that assessment to us for incorporation into our risk assessment.

Where the Licensee intends to carry out planned maintenance work(s) on its assets, and that work may impact on us, the Licensee shall operate to a similar procedure whereby a risk assessment is prepared upon which we are invited to review and comment.

## **5.3 Unplanned system maintenance**

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

#### *5.3.1.1 Responsibility of water undertaker*

We will, from time to time, carry out unplanned maintenance works on our water supply system. We shall remain responsible for all unplanned maintenance activity up to and including the assets at the agreed point of input to our supply system and at the agreed point of supply to the Licensee's customer(s).

Any unplanned maintenance work shall be carried out under our current policies and procedures that shall be made available to the Licensee on request. The Licensee shall benefit from the same level of service as received by our existing non-household customers. The procedures include for the preparation of appropriate risk assessments for the work being carried out.

From time to time unplanned maintenance work by Affinity Water may require the Licensee to alter or cease the input supply arrangement in order to assist in the completion of the work. In such instances agreement shall be reached between the parties in respect of any effect on the balancing and reconciliation exercise, and the work shall restrict, as far as is practicable, any disruption to the customers of either party.

We will respond to any notification of water supply system or water quality issues within the agreed timescales, available upon request. These same levels of service shall be applied to any works affecting the Licensee and its customer(s).

In general terms our responsibility does not extend to the notification of the Licensee's customer(s) in the event of unplanned maintenance work requirements, other than as detailed in Section 6.

#### *5.3.1.2 Responsibility of Licensee*

The Licensee shall carry out all maintenance works on the assets under its control, and shall notify us of any unplanned activity that shall impact in any way on our water supply system, our ability to maintain operations, and/or our ability to meet our statutory requirements. This is of particular relevance to Licensees who enter into a combined supply Access Agreement, whereby Licensee maintenance work may impact on the agreed input supply arrangements.

The Licensee shall alter or cease the input supply arrangement, where necessary, in order to assist us in the completion of work.

The Licensee shall notify its customers of any disruption caused by the unplanned activity by Affinity Water, other than in circumstances as detailed in Section 6.

### **5.3.2 Risk assessment process**

The process for the creation and implementation of a risk assessment in respect of unplanned maintenance work is the same as for works planned in advance. Please refer to Section 5.2.4 for more details.

### **5.3.3 Emergency notices**

Any emergency notice issue requirements shall be met by the party responsible for the assets on which the unplanned maintenance work is to take place. The relevant documents shall be made available on request.

The Licensee shall have in place emergency procedures to apply an emergency notice direct to its customers. In the event that the responsibility falls to the Licensee, the Licensee shall provide us with copies of the notification when the work to be carried out is within our statutory water supply area.

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

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We will retain responsibility for the safety aspects of any unplanned and emergency work carried out on our water supply system.

The Licensee shall hold overall responsibility for any such work carried out by it on any apparatus under its control.

### **5.4.1 Status classification**

Details of our incident and event status definitions are available on request.

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

We will retain responsibility for all health and safety reporting aspects of incidents arising out of planned or unplanned maintenance works relating to our works, our personnel and/or contractors working on our behalf. Our current reporting procedures for safety issues will apply. These are contained within our company safety procedures, which are issued to all employees. Relevant sections will be made available to Licensees on request.

The Licensee shall be required to provide us with its own safety handling procedures including risk assessments and method statements where applicable. The Licensee shall be required to take responsibility for all safety aspects of its own works, but shall be expected to provide us with information about any incident that occurs within our statutory water supply area.

Notification of water quality incidents and events will be in accordance with the agreed Water Quality notification agreement. Notification of events impacting the actual or likely quantity of supply will be in accordance with Affinity Water escalation criteria procedures. The relevant documents shall be made available on request and the Licensee apprised of its role and obligations at this time.

The Licensee shall be required to provide us with its own emergency procedures that shall be brought into effect in the event of any event or incident occurring on the Licensee's assets. The procedures must be tested periodically, and must involve us. Where any conflicts arise between the respective procedures our own procedure shall take precedence unless formal agreement is reached.

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

See Sections 5.4.1 and 5.4.2. Major emergency reporting procedures are dealt with in the same way as standard emergency reporting procedures.

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

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See Sections 5.4.1 and 5.4.2.

## 5.6 Customer protection

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### 5.6.1 Special consumers

Licensees shall inform us if its customer(s) have particular needs e.g. are a “Special Consumer” as defined in condition of appointment R section (8)(6) and Standard Licence Condition 5. Where we provide additional services with respect to such customer(s) e.g. WaterCare, the details of the Licensee’s customer(s) shall be recorded such that the Licensee can be informed of any emergency or event that shall particularly impact these customer(s). The Licensee, in turn, shall be responsible for passing information received from us via this process on to its customer(s).

Where appropriate we shall make an alternative emergency supply available where an emergency or event has resulted from a failure of our system.

### 5.6.2 Large scale customer warning procedures

We shall maintain large scale customer warning procedures for our customers, Licensees and customers of Licensees within our statutory water supply area. Licensees shall be notified of any incident or event where such notification is required due to the failure of our system. We shall take steps to notify directly customers of the Licensee where it is required to do so in order to fulfil our obligations and responsibilities, and such notification may be given prior to the Licensee being notified.

The Licensee shall be responsible for ensuring that its customers have been adequately notified of any incident or event that it becomes aware of either through its own activities or following notification from us. In the event of the Licensee or customer of a Licensee causing or becoming aware of an incident or event it shall notify us immediately.

### 5.6.3 Emergency compensation payments

No uniform provision for the automatic payment of compensation in the event of an emergency situation arising shall be made. We will negotiate the terms of any such payments on an individual basis, and the terms finalised before an Access Agreement is entered into.

### 5.6.4 Emergency operational planning exercises

We will carry out periodic testing of our emergency procedures and expect the Licensee to respond appropriately to any request for assistance during an emergency exercise activity that simulates an incident, which, if a real situation, would impact on the Licensee or the Licensee’s customer(s). The Licensee shall be aware that such an exercise might be pre-notified or carried out without prior warning to test the responsiveness of the Licensee and its knowledge of our procedures provided to it.

We will assess the ability of the Licensee to respond appropriately and shall provide feedback of our findings. Where necessary, we will agree an improvement plan with the Licensee and monitor progress. The Licensee is able to provide feedback to us, and shall be actively encouraged to do so such that our procedures are appropriately reviewed.

The Licensee shall provide us with its own emergency procedures that shall be brought into effect in the event of any event or incident occurring on the Licensee's assets. The procedures must be tested periodically, and must involve us. Where any conflicts arise between the respective procedures our procedure shall take precedence unless formal agreement is reached.

## **5.7 Support processes**

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

We will be responsible for any press release that refers to any activity or incident occurring within our statutory water supply area. All such communications shall be undertaken via our Corporate Affairs department. Copies of any such communication shall be passed to the Licensee on request and where we consider appropriate to do so.

Where the press release relates solely to the activity of the Licensee in respect of the Licensee's water quality input into our water supply system, the Licensee shall be expected to prepare and release a press statement about its activities only. A copy of the intended press release shall be made available to us prior to it being released such that we can prepare our own statement in respect of any effect on our water supply system.

Where the press release relates to the activity of the Licensee in respect of the supply to its customer(s) the Licensee shall similarly prepare a statement and pass it to us for comment. In such instances we may wish to make our own statement where there is any suggestion that the Licensee's customer(s) are affected by any activity of Affinity Water.

In all cases both parties shall agree to the principle that a joint statement shall be the most effective means of communication unless it is deemed more suitable to make individual statements.

### **5.7.2 Emergency contacts**

We will provide to the Licensee a specific list of emergency contacts for use in the event of any emergency situation arising. The Licensee shall similarly provide us with a specific list of emergency contacts.

Contact lists shall be reviewed on a regular basis and any changes notified to either party.

#### *5.7.2.1 Responsibility of water undertakers*

We will provide a list of personnel to be used in the event of an emergency situation whereby immediate contact is required between us and the Licensee. The list shall be available at all times within our 24-hour control room and reviewed at regular intervals.

#### *5.7.2.2 Responsibility of Licensees*

The Licensee shall provide us with its own emergency contact list. The provided list shall be available at all times within our 24-hour control room. The Licensee shall put in place systems which assure us that the emergency contact list is up to date.

## **5.8 Reportable situations**

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Both parties to any Access Agreement shall ensure that any reportable situations are dealt with under the relevant terms of the legislation applicable to the particular event or incident.

We operate to strict procedures governing how reportable situations are dealt with, and such procedures shall be made available to the Licensee on request. The Licensee shall also be required to provide their own procedures to us.



## 6 Customer Contact Arrangements

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

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In general the Licensee shall be responsible for communicating with its customers on water supply matters. All routine water supply service enquires from customers of the Licensee shall be directed to the Licensee. Where issues relate to elements of the water supply service provided by us, the Licensee shall forward these issues to us. Where issues relate to services wholly provided by us, the Licensee shall advise the customer to contact us directly. The Licensee shall ensure that its customers are informed of which organisation to contact for specific queries.

Our Senior Regulatory Economist will oversee the relationship between us and Licensees. This includes queries relating to billing, the provision of information and questions in relation to the installation of Licensee's own equipment.

Our contact details are shown below;

Address: Regulation Team, Affinity Water, The Hub, Hatfield. AL10 9EZ

Email: [regulation@affinitywater.co.uk](mailto:regulation@affinitywater.co.uk)

Tel: 01707 268 111

#### 6.1.1 Customer meter reading and logger information

The Licensee shall be responsible for dealing with all queries from its customers relating to any revenue meter(s) and logging equipment that we own. By revenue meter and loggers we mean any meter and logger used for charging purposes. The Licensee shall raise issues with us for detailed explanation or resolution as necessary. We shall respond directly to the Licensee who shall in turn directly respond to the customer. We shall retain ownership of revenue meters and any logging equipment.

#### 6.1.2 Billing and debt collection

Responsibility for billing, collection and debt associated with the Licensee's customers for water services rests solely with the Licensee. A Licensee may also ask us to provide billing services on their behalf. This will be by agreement between the Licensee and Affinity Water and charged accordingly.

#### 6.1.3 Operational issues

##### 6.1.3.1 Water supply queries

The Licensee has full responsibility for the relationship with its customers and is responsible for handling all enquiries or complaints relating to billing (and collection of revenues) and water supply activities for its customers. The Licensee is the first point of contact for these types of queries. Any queries relating to our supply system received by the Licensee shall be forwarded promptly to us for resolution.

Should the Licensee's customers contact us regarding a billing or water supply query, they will be referred to the Licensee. If an emergency has occurred and we have been notified by

the Licensee of the relevant details, we will endeavour to answer enquiries. In the case of emergencies where there are health and safety issues or risk to supply system integrity, then we should be able to contact Licensees' customers (and Licensees' customers should be able to contact us directly).

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

The Licensee shall be responsible for dealing with all complaints relating to its customers. All complaints by customers of the Licensee shall be directed to the Licensee. In the event that the complaint relates to elements of the water supply service provided by us, the Licensee shall pass details of the complaint to us. We shall provide a substantive response to the Licensee within 10 working days.

In the event that the complaint is not resolved to the Licensee or customer's satisfaction, the Licensee can refer the matter to the Consumer Council for Water. Further details can be found on the Consumer Council for Water's website.

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

Following notification by the Licensee of a routine water supply service matter that is the responsibility of Affinity Water, we shall conduct an investigation and provide feedback to the Licensee as appropriate. The Licensee shall be responsible for raising issues with their nominated contact at Affinity Water and feeding back to their customer accordingly.

#### **6.1.6 Obligations on Licensees**

The Licensee shall nominate a contact to act as a liaison with our team at Affinity Water. The Licensee shall ensure that any customer information necessary for us to meet our obligations and responsibilities is provided to us. The Licensee shall ensure that its customers are informed of which organisation to contact for specific types of routine query.

#### **6.1.7 Disconnection**

We can disconnect customers premises when it is necessary for the purpose of carrying out works where it is reasonable to do so (section 60 WIA91), at the request of the consumer (section 62 WIA91) and to prevent contamination or waste (section 75 WIA91).

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

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The Licensee shall be responsible for implementing and maintaining customer contact arrangements for emergencies and events with its customers. Licensees shall provide and maintain up-to-date contact details to enable us to contact the Licensee in the case of an emergency or event. We shall liaise with the Licensee during an emergency or event and the Licensee shall, in turn, liaise with its customer. The Licensee shall ensure that should its customer cause or become aware of an emergency or event that could impact upon our water quality then the customer shall contact us and the Licensee immediately. In the event of emergencies affecting the Licensee's customer, we reserve the right to directly contact the customer should circumstances make this necessary.

We shall notify the Licensee of any significant issues arising within the water supply system where the issue potentially affects the customer of the Licensee.

## 6.2.1 Special consumers

The Licensee shall inform us if its customer has particular needs e.g. is a “Special Consumer” as defined in condition of appointment R section (8)(6) and Standard Licence Condition 5. Where we provide additional services with respect to such customers e.g. WaterCare, the details of the Licensee’s customer shall be recorded such that the Licensee can be informed of any emergency or event that will particularly impact these customers. The Licensee, in turn, shall be responsible for passing information received from us at Affinity Water via this process on to its customer.

Where appropriate we shall make an alternative emergency supply available where an emergency or event has resulted from a failure of our system.

## 6.2.2 Large-scale customer warning procedures

We shall maintain large-scale customer warning procedures for our customers, Licensees and customers of Licensees within our statutory water supply area. Licensees shall be notified of any incident or event where such notification is required due to the failure of our system. We shall take steps to notify directly customers of the Licensee where it is required to do so in order to fulfill our obligations and responsibilities, and such notification may be given prior to the Licensee being notified.

The Licensee shall be responsible for ensuring that its customers have been adequately notified of any incident or event that it becomes aware of either through its own activities or following notification from us. In the event of the Licensee or customer of a Licensee causing or becoming aware of an incident or event it shall notify us immediately.

## 6.2.3 Obligations on water undertakers

- We will notify the Licensee of any significant issues arising within the water supply system where the issue potentially affects the customer of the Licensee.
- We will liaise with the Licensee during an emergency or an event. As appropriate, we will retain the right to contact the Licensee’s customers directly during such events.
- Where we provide additional services with respect to a “Special Consumer”, as defined in condition of appointment R section (8)(6) and Standard Licence Condition 5 (e.g. WaterCare), we shall record details of the Licensees “Special Consumer”.
- We shall inform the Licensee of any emergency or event that will particularly impact on “Special Consumers”.
- We shall maintain large-scale customer warning procedures for our customers, Licensees and customers of Licensees within our statutory water supply area.
- We shall notify Licensees of any incident or event where large-scale customer warning procedures are required due to the failure of our system.
- We shall take steps to notify directly customers of the Licensee where it is required to do so in order to fulfill our obligations and responsibilities, and such notification may be given prior to the Licensee being notified.
- Where appropriate we shall make an alternative emergency supply available where an emergency or event has resulted from a failure of our system.

- We shall maintain records to show where customers within our statutory water supply area are supplied by a Licensee.
- From time to time we shall liaise with the Licensee in order to review and test systems and processes in place.
- We shall provide emergency contact details.

#### **6.2.4 Obligations on Licensees**

- The Licensee shall be responsible for implementing and maintaining customer contact arrangements for emergencies and events with its customers.
- Licensees shall provide to us and maintain up-to-date contact details to enable us to contact the Licensee in the case of an emergency or event.
- The Licensee shall liaise with its customers during an emergency or event. We will, as appropriate retain the right to contact the customer directly during such events.
- The Licensee shall liaise with us during an emergency or event.
- The Licensee shall inform us if its customers has particular needs e.g. are a “Special Consumer” as defined in condition of appointment R section (8)(6) and Standard Licence Condition 5.
- The Licensee shall be responsible for passing information received from us in relation to “Special Consumers” on to its customers.
- The Licensee shall ensure that its customers are notified of contact details and agreed processes for dealing with emergencies and events.
- The Licensee shall provide us with and maintain up-to-date contact details for its customers where we need to take steps to notify directly customers of the Licensee where it is required to do so in order to fulfill our obligations and responsibilities.
- The Licensee shall be responsible for ensuring that its customers have been adequately notified of any emergency incident or event that it becomes aware of either through its own activities or following notification by Affinity Water.
- In the event of the Licensee causing or becoming aware of an emergency incident or event it shall notify us immediately.
- The Licensee shall ensure that should its customers cause or become aware of an emergency or event that could impact upon our water quality then the customer shall contact us and the Licensee immediately.
- From time to time the Licensee shall liaise with us in order to review and test systems and processes in place.

## 7 Supply System Connections

### 7.1 Connection of Licensee's source to the supply system

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As part of its application for combined services, the Licensee shall identify its proposed point of entry and any infrastructure needed to transfer water into our water supply system. The application process shall identify the work necessary to make the connection and associated costs. These costs shall be recovered from the Licensee.

We shall not allow the connection of a Licensee's water source to our water supply system until we are satisfied that the quality of water supplied is at least of a compatible standard to that supplied by us. The connection shall therefore only be made when compliance with specified water quality and relevant and appropriate water fittings regulations and associated legislation has been demonstrated.

We shall undertake all water quality sampling at the expense of the Licensee. The Licensee shall provide a source risk assessment detailing the control functions that are put in place to prevent failing quality water entering our supply system. Affinity Water personnel, or an approved contractor in accordance with our current operating procedures, shall effect the connection of the Licensee's input supply to our water supply system.

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

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This is only necessary where qualifying premises are not already connected to our water supply system. If the customer is a new customer, as part of its application the Licensee shall identify its required point of supply. The application process shall identify the work necessary to make the connection and associated costs. These costs shall be recovered from the Licensee.

Before any eligible premise is connected to our water supply system or to a Licensee's 'private' supply system, compliance with all relevant and appropriate water fittings regulations and associated legislation must be demonstrated.

Affinity Water personnel, or an approved contractor in accordance with our current operating procedures, shall effect any connection of the Licensee's customer(s) to our water supply system.

Where applicable, the Licensee shall ensure that the sewerage undertaker is informed of any water supply connection to eligible premises. The Licensee shall further ensure that all relevant water flow and usage information is made available to the sewerage undertaker for billing purposes and any other operational processes.

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

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A Licensee may request that a secondary undertaker provide water to its eligible customer's premises using the primary undertaker's supply system. This involves two transactions:

- The secondary undertaker sells water to the Licensee

- The Licensee introduces water into the primary undertaker’s water supply system.

As part of its application for combined services, the Licensee shall identify if a secondary undertaker is involved (or expected to be involved) in its proposals. The application process shall identify the work necessary to make the connection and associated costs. These costs shall be recovered from the Licensee.

We shall not allow the connection of another undertaker’s supply system to our supply system until we are satisfied that the quality of water supplied is at least of a compatible standard to that supplied by us. The connection shall therefore only be made when compliance with specified water quality and relevant and appropriate water fittings regulations and associated legislation has been demonstrated. We shall undertake all water quality sampling at the expense of the Licensee. Affinity Water personnel or an approved contractor in accordance with our current operating procedures shall effect the connection of a secondary undertaker’s input supply to our water supply system.

## 7.4 Connection fees

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For more information regarding new connections, please refer to the Developer Services section of our website.

<https://www.affinitywater.co.uk/developer-services.aspx>

## 8 Legal Contract, Arbitration and Disputes Resolution

### 8.1 Contract terms

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Wholesale or combined services will be subject to formal completion of an Access Agreement between Affinity Water and the Licensee. This will set out the terms and conditions on which access or use will be permitted.

In the case of an Access Agreement relating to combined services, where we are the primary water undertaker and the arrangement involves a secondary water undertaker, the secondary water undertaker is also required to be a party to the Access Agreement.

The Access Agreement is in a standard form, subject to any additional special provisions relating to individual circumstance. For wholesale supplies, the common contract is generally used. For combined services, a new agreement will be negotiated for each application.

### 8.2 Arbitration and disputes resolution process

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The agreement between parties will include a process for negotiation with a view to resolving any dispute arising during the term which should be used as an initial information resolution process. Other procedures including reference to an expert or mediator can be followed if agreement cannot be reached. Ultimately, disputes can be referred to Ofwat where the matter is within its jurisdiction to resolve disputes or to the courts.

#### *Conciliation*

- Parties use a neutral third party to improve communication and explore possible solutions to disputes.
- Similar to mediation but can be less formal. It is a non-binding resolution process.

#### *Mediation*

- Utilising a trained mediator who is a neutral third party.
- The aim is to reach a solution that both parties agree on.
- This process is more formal than conciliation but it is also non-binding.

#### *Arbitration*

- Formal method of alternative dispute resolution, allowing parties to settle any dispute without court action.
- Neutral third party arbitrator is appointed by agreement or as a result of an application to a recognised organisation of arbitrators.
- Decisions taken as a result of arbitration are seen as final and there is therefore very limited scope for appeal.



## 9 Access Pricing and Additional Charges

Affinity Water's Wholesale Charges for 2016/2017 are published on its website.

<https://www.affinitywater.co.uk/docs/charges-scheme-wholesale-2016-17.pdf>

These wholesale charges will form the basis of access prices for retail access to wholesale services provided during 2016/17.

# Appendices

## Appendix 1 – Glossary of Terms

Term	Meaning
<b>Access</b>	The wholesale supply of water by a water undertaker to a Licensee for the purpose of making a retail supply of water to the premises of the Licensee's customer; and the introduction of water by the Licensee into a water undertaker's supply system for that purpose (common carriage).
<b>Access Agreement</b>	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.
<b>Access Code</b>	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.
<b>Access Terms</b>	The terms under which a water undertaker and a Licensee agree access to a water undertaker's supply system.
<b>Accredited Entity</b>	An entity which is independently evaluated and accredited under an accreditation scheme established by the contracting wholesaler as competent to carry out certain activities. For example, WIRs as administered by Lloyd's Register.
<b>Adjoining Supply System</b>	Supply systems of other water undertakers with direct physical connections to the water undertaker's own supply system.
<b>ARROW costs</b>	Expenses that can be Avoided or Reduced, or any amount that is Recoverable in some Other Water (other than from other customers of the water undertaker). See Section 66E(3) WIA91.
<b>Back-flow</b>	Unwanted syphoning of water into the supply system.
<b>Back-up Supplies</b>	These are supplies that can be called into operation in the event of failure of the 'duty' supply.
<b>Boil Notices</b>	A notice issued by the undertaker as a warning that water should be boiled before drinking as a precautionary measure.
<b>Borehole</b>	A hole for abstracting groundwater constructed by boring.
<b>Charging Guidance</b>	Any guidance issued by the Secretary of State under Section 66ED or 117M of the WIA91.
<b>Charging Rules</b>	The rules made by Ofwat under Section 66E or 117I of the WIA91.
<b>Chemical Parameters</b>	Limits for the levels of chemicals found in water. Examples are ammonium compounds, chlorine, iron, pesticides and sulphate.
<b>Chlorination</b>	The use of chlorine to disinfect water.
<b>Coliform Bacteria</b>	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.
<b>Combined Licence</b>	A Retail Licence with Supplementary Authorisation, authorising the holder to introduce water into a water undertaker's supply system and to retail that water to a customer's eligible premises (Section 17A(6) WIA91).

Term	Meaning
<b>Combined Supply</b>	<p>A supply made by a Licensee to an end customer which involves:</p> <ul style="list-style-type: none"> <li>• the introduction by the Licensee of water into Affinity Water’s network;</li> <li>• the common carriage of this water by Affinity Water’s Wholesale Business through its water supply network; and</li> <li>• a Wholesale Supply by Affinity Water’s Wholesale Business to the Licensee at the premises of the end customer</li> </ul>
<b>Common Contract</b>	<p>Standard contract for access for Retail licence applications only. The objective of this standard template access contract is to simplify the Access Codes guidance, reduce barriers to entry for Licensees and reduce the regulatory burden overall. This only applies for wholesale applications (Retail Licence only).</p>
<b>Confidential Information</b>	<p>All negotiations with, and any information received from or about a Licensee, and their Non-Household Customer, in the course of or in contemplation of the provision of a Wholesale Supply or Combined Supply.</p>
<b>Cost Principle</b>	<p>As defined in Section 66E of the WIA91.</p>
<b>Cryptosporidium</b>	<p>A waterborne micro-organism, single celled protozoan parasite, which causes disease and illness.</p>
<b>Customer Transfer Protocol</b>	<p>The protocol established by Affinity Water under Condition S of our Instrument of Appointment which provides a clear, simple and standardised process for the timely and efficient transfer of supplies to premises of customers-</p> <ul style="list-style-type: none"> <li>• between Affinity Water and Licensee; and</li> <li>• between any two Licensees.</li> </ul>
<b>Deployable Output</b>	<p>The output of a commissioned water supply source, group of sources, or bulk supply under worst historical drought conditions 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.</p>
<b>Disconnection</b>	<p>Separation of a customer’s supply from the water network.</p>
<b>Disinfection</b>	<p>The process of treating water in order to kill harmful organisms.</p>
<b>Diurnal Variations</b>	<p>Variations occurring within a daily (24hr) cycle.</p>
<b>Drought</b>	<p>A proloner period of dry weather that reduces river flows, reservoir inflows or groundwater levels to unusually low levels.</p>
<b>Drought Order</b>	<p>An authorisation granted by the Secretary of State under drought conditions, which imposes restrictions upon the use of water and/or allows for abstraction/impoundment outside the schedule of existing licences on a temporary basis.</p>
<b>E. Coli</b>	<p>A bacterium taken as an indicator of faecal contamination.</p>
<b>Eligibility Guidance</b>	<ul style="list-style-type: none"> <li>- any guidance issued by Ofwat under paragraph 10(1) of Schedule 2A or paragraph 4 of Schedule 2B of the WIA91 in relation to the factors that are, or are not, to be taken into account in determining the extent of any particular premises; and/or</li> <li>- any regulations made by the Secretary of State under Section 17C(3) of the WIA91 as to the circumstance or factors which relate to the use of any premises,</li> </ul>

Term	Meaning
	together with any further guidance as to the identification or designation of a customer and/or premises which the Secretary of State or Ofwat may issue from time to time.
<b>Eligible Premises</b>	Premises other than household premises and which may be identified as eligible premises in light of Ofwat's published Eligibility Guidance.
<b>Fit and Proper Person</b>	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 or insufficient financial resources available.
<b>Fluoridation</b>	Application of fluoride to drinking water at the request of Strategic Health Authorities as a preventative measure against dental decay.
<b>Groundwater</b>	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.
<b>Guaranteed Standards Scheme (GSS)</b>	A scheme that sets out 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.
<b>Hardness</b>	Characteristics of water containing dissolved calcium and magnesium salts.
<b>Household Customer</b>	A person who may be identified as the customer for any Household Premises.
<b>Household Premises</b>	Premises in any part of which, a person has his home and whose principal use is a home and which may be identified as such within the Eligibility Guidance.
<b>HSE</b>	Health and Safety Executive. A Government agency responsible for administering all regulations pertaining to health and safety and public security.
<b>Instrument of Appointment</b>	The document appointing Affinity Water as a water undertaker.
<b>Interim Duty to Supply</b>	The duty set out in Section 63AC of the WIA91.
<b>Interruptible Supply Points</b>	These are supply points where a continuous water supply is not necessary.
<b>Leakage</b>	The loss of water from the supply network which escapes other than through controlled action.
<b>Licensee</b>	A company granted a licence by Ofwat to make retail supplies (or retail supplies and combined supplies) to Non-Household Customers using more than 5,000m <sup>3</sup> (5 megalitres) of water per year per site in England.
<b>Major Emergency Procedures</b>	The Major Emergency Procedures are evoked when the situation or the number of people affected is in excess of those which can be dealt with by the Standard Emergency Procedures.
<b>Mandatory Parameters</b>	Levels of chemical or biological indicators that must be measured by law. Examples for drinking water are chlorides, E. Coli and nitrates.
<b>Meter</b>	As defined in Section 219(1) of the Act and, in the context of this Code, means the meter installed at the relevant premises.
<b>Metered</b>	Any water services or sewerage services for which usage is calculated from a metered source or a series of related metered sources.
<b>Meter Calibration</b>	The process by which the readings of a meter are correlated against a standard.

Term	Meaning
<b>Meter Reading</b>	A read of the meter by physical or electronic inspection.
<b>Microbiological Parameters</b>	Levels of bacteria (for example, coliforms, enterococci, E.Coli) whose presence indicate that the water may be polluted and therefore should not be used as drinking water.
<b>Non-household Customer</b>	The owner or occupier of eligible non-household premises, having an annual consumption of over 5 megalitres of water, receiving or wishing to receive a water supply from Affinity Water, including any potential owner or occupier of such premises.
<b>Non-potable Water</b>	Water not intended for domestic or food production purposes.
<b>Outage</b>	A temporary loss of unusable water output due to planned or unplanned events.
<b>Parameter</b>	A constituent of water used to measure quality.
<b>Pathogen</b>	An organism which is capable of producing disease.
<b>Planned Maintenance</b>	Maintenance activity carried out on a planned basis as preventative.
<b>Point of Entry</b>	The point at which treated water enters the supply system as defined by the isolation valve provided by the primary undertaker.
<b>Point of Exit</b>	The point at which treated water leaves the supply system. In general, this will either be to specific premises or to the supply system of an adjoining water company.
<b>Potable Water</b>	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.
<b>Primary Water Undertaker</b>	For the purposes of Section 66A WIA91 (wholesale water supply by primary undertaker) and Section 66C WIA91 (wholesale water supply by secondary water undertaker), a water undertaker is the primary water undertaker if the undertaker's supply system is to be used for the purposes of making the supply to the premises of the Licensee's customer.
<b>Priority Supply Points</b>	Supply points as specified by Defra.
<b>Rechlorination</b>	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.
<b>Reconciliation Process</b>	The balancing of actual demand against actual water supplied into the supply system and the associated financial implications.
<b>Regulatory Compliance Sampling Programme</b>	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 2016 (for England) and subsequent amendments.
<b>Retail Authorisation</b>	An authorisation to a company to use a water undertaker's supply system for the purpose of supplying water to the eligible premises of customers of the company (Section 17A(2) of the WIA91).
<b>Retail Licence</b>	A Water Supply Licence giving the holder the Retail Authorisation, entitling the holder to purchase wholesale a supply of water from the water undertaker and to supply it retail to a customer's eligible premises (Section 17a(4) of the WIA91).

Term	Meaning
<b>Secondary Connection</b>	An additional connection made by the Licensee to or from an undertaker's water supply system.
<b>Secondary Water Undertaker</b>	A water undertaker other than the relevant primary water undertaker (Section 66C(1)(a)(l) of the WIA91).
<b>Security of Supply</b>	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.
<b>Service Reservoirs</b>	Any reservoir, statutory or otherwise, which is used to store treated drinking water.
<b>Sewerage Undertaker</b>	A company appointed under the WIA91 to provide sewerage services in respect of a geographical area of England and Wales.
<b>Sourceworks</b>	Combination of source(s) and water treatment works from which treated water is pumped into supply.
<b>Special Consumers</b>	Customers as defined by Condition 5 of the Water Supply Licence and Appointment Condition R Section (8)(6).
<b>Standard Emergency Procedure</b>	These are a set of procedures for dealing with an emergency. The full or partial implementation of the procedures is dependent on the degree of seriousness of the emergency.
<b>Standby Supplies</b>	These are supplies that can be called into operation in the event of failure of the 'duty' supply.
<b>Strategic Supply</b>	A supply that would be designated by Ofwat as strategic if, without its introduction, there would be a substantial risk that the water undertaker would be unable to maintain water supplies to its own customers and Licensee's customers for domestic purposes.
<b>Supplementary Authorisation</b>	An authorisation to a company to introduce water into a water undertaker's supply system for the purpose of making a retail supply of water to a customer.
<b>Supply Point</b>	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 company.
<b>Supply System</b>	Any water mains and other pipes used for the purposes of conveying water from a water undertaker's treatment works to customer's premises and any water mains and other pipes used to convey non-domestic water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works, This term is defined in Section 17B(5) of the WIA91.
<b>Supply System Balancing</b>	The process of matching the 'water in' against the 'water out' from the supply system.
<b>Telemetry</b>	The technology for automatically measuring and transmitting data by radio or other means from remote sources to receiving stations.
<b>Treated Water</b>	Water of a suitable quality for input to the treated water distribution system and that which results in satisfactory DWI compliance at the customer's tap.
<b>Treated Water Quality Monitoring</b>	Regular sampling and analysis of untreated and treated water. Examples include daily measurements of free chlorine at treatment works of annual sampling for mercury at customers' taps.
<b>Treatment Works</b>	Works where raw water from rivers or reservoirs is treated to produce drinking



Term	Meaning
	water.
<b>Trihalomethanes</b>	A group of chemicals produced by the reaction of chlorine with natural organic chemicals present in the raw water.
<b>Turbidity</b>	A measure of the optical clarity of water.
<b>UKWIR</b>	UK Water Industry Research Limited.
<b>Unique Premises Reference Number (UPRN)</b>	A number assigned to an eligible premises for the purpose of identification when transferring within the Customer Transfer Protocol.
<b>Unplanned Maintenance</b>	Maintenance and repair work carried out in response to infrastructure systems and equipment failure, which is unplanned due to the requirement for urgent action.
<b>Untreated Water</b>	Raw water not of a suitable quality to enter the supply system.
<b>UV – Ultra Violet Radiation</b>	Inactivation of microbiological organisms by ultra-violet radiation.
<b>Water Fittings Regulations</b>	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.
<b>Water for Domestic Purposes</b>	'Domestic purposes' refers to drinking, washing, cooking, central heating and sanitary purposes. See Section 218 WIA91.
<b>WIA91</b>	References to WIA91 refer to WIA 91 as amended by the Water Act 2003 (WA03) once the relevant provisions have been brought into force.
<b>Water Resources Management Plan</b>	A water undertaker's long term strategic plan for water resource development in its area (Section 37A WIA91).
<b>Water Supply Licence</b>	A licence granted to a company giving it the Retail Authorisation, or both the Retail Authorisation and the Supplementary Authorisation.
<b>Water Supply (Water Quality) Regulations 2016</b>	The Water Supply (Water Quality) Regulations 2016 applies to water undertakers whose area of supply is wholly or mainly in England.  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.
<b>Water Undertaker</b>	A company appointed under the WIA91 to provide water services to a defined geographical area and which owns the supply system and other infrastructure.
<b>Wholesale Supply</b>	A supply made by Affinity Water to a Licensee.

## **Appendix 2 – Sample Confidentiality Agreement**



**Disclosing Party** shall mean the Party to this Agreement disclosing the Confidential Information;

**Project** shall mean any discussions and negotiations between or within the Parties concerning or in connection with the establishment or possible establishment of a business relationship between the Parties;

**Receiving Party** shall mean the Party to this Agreement to whom the Confidential Information is disclosed.

## **1. Confidentiality Obligations**

2.1 Subject to clause 2.2 in consideration of a Disclosing Party providing or disclosing any Confidential Information to a Receiving Party, the Receiving Party undertakes in relation to the Confidential Information disclosed to it by the Disclosing Party:

2.1.1 to treat all and any of such Disclosing Party's Confidential Information as confidential and secret and not use any of such Confidential Information for any purpose other than the purpose of evaluating such Confidential Information in connection with the Project;

2.1.2 to take all reasonable steps to protect the confidentiality of such Disclosing Party's Confidential Information and to prevent disclosure of same to unauthorised persons;

2.1.3 not to disclose any of such Confidential Information in whole or in part to any third party without the prior written consent of the Disclosing Party save to the Receiving Party's Authorised Representatives who need to know the same for the purpose of evaluating such Confidential Information in connection with the Project;

2.1.4 ensure each Receiving Party's Authorised Representative to whom it discloses such Confidential Information is made aware of the provisions of this Agreement before such Authorised Representative receives any such Confidential Information and shall be bound by obligations of confidentiality and non-disclosure to third parties in respect of such Confidential Information.

2.2 The obligations of confidentiality and the prohibitions against use undertaken in this Agreement by the Receiving Party shall not apply to any Confidential Information, which the Receiving Party can show:

- 2.2.1 is or subsequently comes into the public domain otherwise than as a result of any breach of this Agreement by the Receiving Party or any of its Authorised Representatives;
- 2.2.2 is already known to the Receiving Party prior to disclosure by the Disclosing Party which prior knowledge the Receiving Party can identify and can clearly demonstrate with specific written material in the possession of the Receiving Party at the time of disclosure;
- 2.2.3 becomes known to the Receiving Party by disclosure from a third party who has a lawful right to disclose the Confidential Information; or
- 2.2.4 is required to be disclosed by law provided that the Receiving Party informs the Disclosing Party in advance of the circumstances of the disclosure and exactly what has been disclosed and obtains confidentiality undertakings to the extent possible in respect of the Disclosing Party's Confidential Information disclosed.

## **2. Intellectual Property**

Nothing in this Agreement shall be construed to grant either Party any right or licence under any patent, know-how, trademark, copyright or other intellectual property right of the other Party.

## **3. Return of Information**

A Receiving Party shall within one week of a request from a Disclosing Party in writing, give to the Disclosing Party or (at the Disclosing Party's discretion) itself destroy all the Confidential Information of the Disclosing Party and all copies thereof in its possession, custody or control and shall certify that it has complied with the requirements of this clause 4.

## **4. References to the parties**

Save as required by law or any regulatory body, no Receiving Party shall make any announcement, public statements or press releases of any kind in relation to the Confidential Information disclosed to it by a Disclosing Party.

## **5. Notices**

All notices under this Agreement shall be in writing, sent first-class registered or recorded delivery post to the Party being served to its address specified above or at such other address of which such Party shall have given notice as aforesaid, and marked for the attention of the person holding the position of that Party's signatory to this Agreement. The date of service shall be deemed to be the next business day following the day on which the notice was posted

## **6. Non-assignment**

This Agreement is personal to the Parties and shall not be assigned or otherwise transferred in whole or in part by either Party without the prior written consent of the other Party.

## **7. Entire Agreement**

This Agreement sets out the entire agreement between the Parties in respect of the Confidential Information disclosed by any Disclosing Party to a Receiving Party and supersedes all previous understandings and undertakings in such respect.

## **8. Costs**

Each Party shall bear its own legal and other costs incurred in relation to the preparation and completion of this Agreement.

## **9. No Representation of any Other Party**

By execution of this Agreement, the Parties are not forming between them a joint venture, partnership or any other similar arrangement. Neither Party shall be deemed to be a representative, an agent or an employee of the other Party, nor shall either Party have any authority or right to assume or create an obligation of any kind or nature, express or implied, on behalf of the other Party.

## **10. Severance**

Each provision of this Agreement is severable and distinct from the others. The Parties intend that every such provision shall be and remain valid and enforceable to the fullest extent permitted by law. If any such provision is or at any time becomes to any extent invalid, illegal or unenforceable under any enactment or rule of law it shall to that extent be deemed not to form part of this Agreement but it and all the other provisions of this Agreement shall continue in full force and effect and their validity, legality and enforceability shall not therefore be affected or impaired.

## **11. Contracts (Rights of Third Parties) Act 1999**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement and no third party shall have the benefit of or the right to enforce any term of this Agreement.

## **12. Variations**

Any variation to this Agreement must be in writing and signed by the Parties' respective authorised signatories.

**13. No Waiver**

Any failure by either party to enforce or exercise any of its rights under this Agreement will not be construed as a waiver of its right to enforce or exercise that right in the future.

**14. Insufficiency of Damages**

The parties agree that damages are likely to be an insufficient remedy for any breach of the undertakings set out in this Agreement and that each party is entitled to protect its intellectual property rights and the Confidential Information by injunction.

**15. Governing Law**

The construction, validity and performance of this Agreement shall be governed at all times by English law and the English Courts shall have exclusive jurisdiction in respect hereof.

AS WITNESS the hands of the Parties hereto and their duly authorised representatives the day and year first before written.

SIGNED by ..... (Name) ..... (Signature)

POSITION ..... (Date)

for and on behalf of **AFFINITY WATER LIMITED**

SIGNED by ..... (Name) ..... (Signature)

POSITION ..... (Date)

for and on behalf of **[WATER SUPPLY LICENSEE]**



# Appendix 3 – Combined Supplies Application Questionnaire

**Affinity Water**

**Combined Supplies Initial Application Questionnaire**

**Section 1: Applicant Details**

<b>Licensee Details</b>	<b>Name:</b>  <b>Address:</b>  <b>Company Registration Number:</b>
<b>Licensee Contact Details</b>	<b>Key Contact Name:</b>  <b>Address (If different from above):</b>  <b>Telephone Number:</b>  <b>Email Address:</b>
<b>Confidentiality Agreement</b>	<b>Have you signed and returned a confidentiality agreement to Affinity Water?</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>Declaration of Eligibility</b>	<b>Have you enclosed a signed declaration that all premises are eligible?</b> Yes <input type="checkbox"/> No <input type="checkbox"/>

## Section 2: Customer Details

Please provide details for each customer.

<b>Customer Details</b>	<p><b>Name:</b></p> <p><b>Address:</b></p> <p>If the customer is a new customer, please provide a 10 digit OS grid reference for the required point(s) of supply:</p>
<b>Customer Consent</b>	<p>Please provide signed consent forms from the customer(s).</p> <p>Where the customer's existing supplier is another Licensee, please provide confirmation from the customer that there is no obstacle which may cause objection.</p>
<b>Meter Details</b>	<p><b>Number of meters:</b></p> <p><b>Meter location(s):</b></p> <p><b>Meter serial number(s):</b></p> <p><b>Meter make(s) / model(s) / size(s):</b></p>
<b>Customer Needs</b>	<p>Do the customers have any 'special needs' as defined in Condition 5 of your Water Supply Licence? Please provide details below.</p>

### Section 3: Summary of Requirements

<b>Summary of Proposal</b>	<p>Please give a summary of your proposals below.</p> <p>If a secondary undertaker is to be involved, please give details below.</p>
<b>Network Entry Points</b>	<p>Please detail the proposed point(s) of entry to our network. This should include the 10 digit OS grid reference.</p>
<b>Network Exit Points</b>	<p>Please detail the proposed exit point(s) from our network. This should include the 10 digit OS grid reference.</p>
<b>Access Date &amp; Duration</b>	<p>On what date do you required access to begin and what is the expected duration?</p> <p><b>Access Date:</b></p> <p><b>Duration:</b></p>

## Section 4: Water Source

<b>Water Source Details</b>	<p><b>Name:</b></p> <p><b>10 Digit OS Grid Reference:</b></p> <p><b>Water Source Type:</b></p>
<b>Source Use</b>	<p>Please describe any previous or current use of the source below.</p>
<b>Existing Abstraction Licence</b>	<p>Does the source have an abstraction licence?</p> <p>Yes <input type="checkbox"/> <i>If yes, please provide a copy with this application.</i></p> <p>No <input type="checkbox"/></p> <p>If yes, please provide the EA number and details below.</p> <p>No: _____</p> <p>Termination date:</p> <p>Abstraction licence quantities:</p> <p>Hourly:</p> <p>Daily:</p> <p>Annual:</p>
<b>Abstraction Licence Application</b>	<p>If you are seeking an abstraction licence, please provide details below.</p>
<b>Abstraction Licence Owner</b>	<p>Please provide details of the current or proposed licence holder.</p>

### Section 5: Demand Information

	Year 1	Year 2	Year 3	Year 4	Year 5
Average litre/second					
Peak litre/second					
Peak m <sup>3</sup> /hr					
Peak m <sup>3</sup> /day					
Annual consumption					
Storage facility capacity (if available)					
Fire fighting purposes					
Peak	Please provide details of the peak m <sup>3</sup> /day in the previous year.				
Special Terms	Are there any special terms (e.g. non-potable supply)?				

## Section 6: Water Quality

<b>Water Quality Data</b>	<p><b>Will the water quality data meet the requirements of Regulation 15 of the Water Supply (Water Quality) Regulations 2016?</b></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If no, please provide details as to how you will achieve compliance prior to entry to the Affinity Water network.</p>
<b>Water Quality Monitoring</b>	<p><b>Please provide details of all water quality monitoring activities which are undertaken on the water source.</b></p>
<b>Contingency</b>	<p><b>Please provide details of contingency plans in event of a failure of supply.</b></p> <p><b>Will you require a back-up supply from Affinity Water in the event that the source fails?</b></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<b>Treatment</b>	<p><b>Please provide details of the treatment that you propose to apply to the water before it enters the network.</b></p>

***I declare that the information provided is correct to the best of my knowledge. I acknowledge that this information will be used in the consideration and processing of this application.***

***I agree to notify Affinity Water immediately if there are any changes to the information that has been provided.***

<b>Signed</b>	
<b>Print Name</b>	
<b>Position Held</b>	
<b>Date</b>	



## Appendix 4 – Operational Code

## 1. Overview

### 1.1 Order of precedence

If there is any conflict between the following, the order of precedence shall be:

- (a) Any law;
- (b) The Access Codes Guidance, incorporating the operational code and common contract.

### 1.2 Definitions

- (a) References to 'the Act' are to the Water Industry Act 1991 (as amended) unless otherwise specified.
- (b) References to an 'appointed water company' are to an undertaker appointed under the Act to provide water services to a defined geographic area.
- (c) References to a 'Licensee' are to a company holding a water supply licence under the Act.
- (d) References to 'the parties' are to the Licensee and appointed water company that have an agreement, or are seeking to enter into an agreement, for the wholesale supply of water under section 66A of the Act, unless the context requires otherwise.
- (e) References to 'the operational code' are to this document as amended from time to time.
- (f) References to 'the common contract' are to the common contract for wholesale supplies under section 66A of the Act as amended from time to time.

### 1.3 Objectives and purpose

The operational code establishes rules for the wholesale supply of water under section 66A of the Act and the entry into an agreement for such supply.

### 1.4 Status and enforceability

- (a) Under section 66D(4) of the Act, Ofwat is required to issue guidance in accordance with which the terms and conditions of agreements under sections 66A-66C of the Act must be made.
- (b) The operational code forms part of Ofwat's guidance and applies to wholesale supplies of water by an appointed water company to a Licensee under section 66A of the Act.
- (c) Each appointed water company is required by Condition of Appointment R (Provision of combined and wholesale water supplies) to publish an Access Code which conforms to Ofwat's guidance, and to comply with it.

- (d) In accordance with these requirements, the operational code must be included in an appointed water company's Access Code, and the appointed water company must comply with its provisions.

## **1.5 Ofwat's role**

- (a) Ofwat shall ensure the effective implementation and operation of the operational code.
- (b) In so doing, Ofwat shall:
  - (i) Act independently of the interests of any market participant or group of market participants;
  - (ii) Act impartially and show no undue preference in its relationship with market participants; and
  - (iii) Act with appropriate speed in taking any necessary action.
- (c) Ofwat has the power under section 18 of the Act to issue enforcement orders to secure compliance with appointed water companies' Conditions of Appointment (for example, Condition of Appointment R (Provision of combined and wholesale water supplies) and Condition of Appointment S (Customer transfer protocol)) and Licensees' standard licence conditions.
- (d) Ofwat has the power under sections 66D, 66G and 66H of the Act to make determinations on aspects of the water supply licensing framework.
- (e) Ofwat shall chair an industry forum established under the terms set out in the Customer Transfer Protocol to discuss any proposed changes to the operational code and common contract.
- (f) Ofwat may from time to time revise its guidance under section 66D of the Act, in accordance with section 66F of the Act.

## **1.6 Duties of appointed water companies and Licensees to other bodies**

Appointed water companies and Licensees shall respond promptly to any requests for information and comply with any relevant guidance from:

- (a) Consumer Council for Water;
- (b) Environment Agency (including Environment Agency Wales); and
- (c) Drinking Water Inspectorate.

## **1.7 England and Wales**

Appointed water companies and Licensees shall have regard to any differences in the relevant laws in England and Wales.

## **2. Applying for access**

**2.1** This section sets out the process which shall be followed when an eligible customer wishes to be supplied by a Licensee and the Licensee wishes to purchase a wholesale supply of water from an appointed water company under section 66A of the Act in order to supply that customer. For a wholesale supply, the Licensee is entitled to use the common contract as the Access Agreement between the parties unless it wishes to negotiate a supply on different terms.

**2.2** If a Licensee wishes to use the common contract as the Access Agreement between the parties, the application process is as follows:

- (a) Licensee submits its application to the appointed water company. That application shall comprise:
  - (i) a copy of the customer's consent to switch supplier (see further sections 2.4 and 2.5 below); and
  - (ii) a completed copy of the common contract (see further section 2.6 below).
- (c) The appointed water company shall offer an access price for the Licensee's customer and provide a signed copy of the common contract within 10 working days of receiving the Licensee's application. The access price offered by the appointed water company shall remain valid for six (6) months and shall specify the discount in p/m<sup>3</sup> from the standard retail tariff. The offer shall also explain:
  - (i) the basis of the discount from the standard retail tariff; and
  - (ii) any difference between the indicative discount for such a customer and the discount in the customer-specific offer.
- (d) If the Licensee accepts the access price offered by the appointed water company, the Customer Transfer Protocol process will switch the customer to the Licensee. If the Licensee is unable to agree an access price with the appointed water company, the parties shall follow the dispute resolution procedure set out in section 4 below.

**2.3** If a Licensee has chosen not to use the common contract as the Access Agreement between the parties, the application process is as follows:

- (a) Licensee submits its application to the appointed water company. That application shall comprise:
  - (i) a copy of the customer's consent to switch supplier (see further sections 2.4 and 2.5 below); and
  - (ii) any contract or terms that is/are proposed or agreed between the parties.

- (b) The appointed water company shall contact the Licensee within two (2) working days of receiving the Licensee's application to discuss that application and commence any negotiation.
- (c) The appointed water company shall offer an access price for the Licensee's customer and provide a signed copy of an agreed contract within 10 working days of receiving the Licensee's application (or such longer period as the parties may agree). The access price offered by the appointed water company shall remain valid for six (6) months and shall specify the discount in p/m<sup>3</sup> from the standard retail tariff. The offer shall also explain:
  - (i) the basis of the discount from the standard retail tariff;
  - (ii) any difference between the indicative discount for such a customer and the discount in the customer-specific offer; and
  - (iii) any specific terms agreed by the parties.
- (d) If the Licensee accepts the access price offered by the appointed water company, the Customer Transfer Protocol process will switch the customer to the Licensee. If the Licensee is unable to agree an access price with the appointed water company, the parties shall follow the dispute resolution procedure set out in section 4 below.

**2.4** The customer's consent to switch supplier shall include the following information:

- (a) Contact name(s) for the customer;
- (b) Full contact details for the customer;
- (c) Any customer reference number provided by the existing supplier;
- (d) Meter serial number(s), if known; and
- (e) Previous three (3) years' water consumption, if available.

**2.5** The customer's consent to switch supplier shall be dated no more than two (2) months before the Licensee submits its application to the appointed water company, or otherwise verified by the customer as being in force as at the date of the Licensee's application.

**2.6** If the Licensee has chosen to use the common contract as the Access Agreement between the parties and provided all of the information required of it by that contract, the appointed water company shall not reject the Licensee's application on the grounds of insufficient information.

**2.7** An appointed water company shall not recover from a Licensee any costs of processing an access application.

- 2.8** An appointed water company shall not charge the Licensee for providing copies of any documents relating to the transfer of a customer or for clarifying its policy and information requirements.
- 2.9** A Licensee shall not charge the appointed water company for providing any information which is necessary for the carrying out of the appointed water company's functions.
- 2.10** The parties shall comply with any reasonable request for information received from each other.

### **3. Access pricing**

- 3.1** Appointed water companies shall publish indicative charges for the wholesale supply of water. These charges shall be published in such manner as may be specified by Ofwat.
- 3.2** Appointed water companies operating wholly or mainly in England shall, as a minimum, publish indicative wholesale supply charges for customers consuming 5MI, 25MI, 50MI and 500MI per year. If an appointed water company has a tariff with a threshold between 5MI and 50MI per year, it may publish indicative wholesale supply charges relevant to that tariff instead of for customers consuming 25MI per year. An appointed water company must publish indicative wholesale supply charges for at least one consumption point between 5MI and 50MI per year.
- 3.3** Appointed water companies operating wholly or mainly in Wales shall, as a minimum, publish indicative wholesale supply charges for customers consuming 50MI and 500MI per year.
- 3.5** The indicative charging information published by an appointed water company shall clearly show the difference between its standard retail charge and the wholesale supply charge it has calculated.
- 3.6** The indicative charging information published by an appointed water company shall include:
- (a) Charging data for a period of five (5) years, starting with the current charging year;
  - (b) The difference in wholesale supply charge where:
    - (i) the Licensee pays its charges in arrears; and
    - (ii) the Licensee pays its charges in advance.Charges at (b)(ii) shall be calculated in accordance with paragraph 4 of schedule 2 to the common contract; and
  - (c) The discounts for the first and second customer of a specific Licensee.

- 3.7** Indicative wholesale supply charges published by an appointed water company shall be for the service defined in clause 2 of the common contract.
- 3.8** When publishing or amending any indicative charging information, an appointed water company shall explain any assumptions it has made for the purpose of calculating that information.
- 3.9** Indicative charging information shall be reviewed by an appointed water company every year by 15 October. This information may also be reviewed at any other time. An appointed water company shall notify Ofwat and publish updated information on its website within seven (7) days of making any modifications to its indicative charging information.
- 3.10** If requested, an appointed water company shall provide Ofwat with information to explain how it has calculated its indicative wholesale supply charges. Such information shall be provided in such manner, and by such time, as Ofwat may specify.
- 3.11** Nothing in this operational code limits an appointed water company's ability to publish indicative charging information for supplies and in respect of circumstances which are not specified in this section.
- 3.12** If a Licensee has made an application to an appointed water company in respect of the supply to a particular customer, the appointed water company may offer its published indicative wholesale charge for such supply if it considers that charge to be appropriate.

#### **4. Dispute resolution procedure**

- 4.1** This section sets out the dispute resolution procedure applicable to all disputes and differences arising out of or in connection with this operational code.
- 4.2** The parties shall, in the first instance, attempt to resolve any dispute or difference using the following procedure:
- (i) Either party may serve a notice on the other party which expressly refers to this section and provides sufficient information to enable the other party to understand the nature of the dispute or difference. Following service of such a notice, the parties shall each use reasonable endeavours to resolve the dispute or difference by prompt discussion in good faith at a level appropriate to the dispute or difference in question.
  - (ii) If the dispute or difference remains unresolved after 10 working days (or such other period as agreed by the parties) of the notice being served, an appropriate representative of each party's senior management shall attempt to resolve the dispute or difference by prompt discussion in good faith.

- (iii) If the dispute or difference remains unresolved after 10 working days (or such other period as agreed by the parties) of such referral to senior management then, unless the parties agree otherwise, this initial procedure shall be treated as having been exhausted.

**4.3** For any dispute or difference which has not been resolved through the initial procedure in section 4.2, either party may:

- (a) refer it to such alternative dispute resolution process as agreed by the parties; or
- (b) refer it to a competent authority, provided that such authority has specific powers to resolve the dispute or difference.



# Appendix 5 – Common Contract

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Appendix – Data Sheet

This Contract is made on 20[ ]

#### Between

- (1) [ ], a company incorporated in England and Wales (No. [ ]) whose registered office is at [ ] (the Undertaker); and
- (2) [ ], a company incorporated in England and Wales (No. [ ]) whose registered office is at [ ] (the Licensee).

#### Whereas

- (A) The Undertaker holds an Instrument of Appointment under the Act and the Licensee holds a Water Supply Licence under the Act.
- (B) Where the Licensee requests a supply of water under section 66A of the Act and the Undertaker is required by the Act to make such supply, the Undertaker shall, unless the Licensee wishes to negotiate a supply on different terms, offer the supply to the Licensee on the terms set out in this Contract and in accordance with the Operational Code.
- (C) The Undertaker and the Licensee shall enter into a separate Contract for each Customer. Where a Customer has multiple Premises in the Undertaker's Area of Appointment, one Contract may govern all of those Premises.

#### It is agreed

### 1 Definitions and Interpretation

1.2 In this Contract the definitions in schedule 0 (Definitions) shall apply.

1.3 In this Contract:

- (i) the recitals, schedules and appendix form part of this Contract and references to this Contract include the recitals, schedules and appendix;
- (ii) references to 'recitals', 'clauses', 'schedules' and 'appendix' are to recitals and clauses of and schedules and the appendix to this Contract; references in a schedule or appendix to paragraphs are to the paragraphs of that schedule or appendix; and a reference to a clause or paragraph number is, unless otherwise specified, a reference to all its sub-clauses or sub-paragraphs;

- (iii) words imparting a gender include every gender and references to the singular include the plural and vice versa;
- (iv) words denoting persons include individuals and bodies corporate, partnerships, unincorporated associations and other bodies (in each case, wherever resident and for whatever purpose) and vice versa;
- (v) references to this Contract or any other document are to this Contract or that document as in force for the time being and as amended, supplemented, varied, modified, renewed, replaced or extended from time to time in accordance with the requirements of this Contract or that document (as the case may be) including by way of the operation of clause 14.2;
- (vi) a reference to any body is:
  - (i) if that body is replaced by another organisation, deemed to refer to that replacement organisation; and
  - (ii) if that body ceases to exist, deemed to refer to that organisation which most substantially serves the same purposes as the original body;
- (vii) a reference to a statute or statutory provision shall, unless otherwise stated, be construed as including a reference to any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made from time to time under the statute or statutory provision whether before or after the Commencement Date;
- (viii) a reference to a statute, statutory provision or any subordinate legislation shall, unless otherwise stated, be construed as including a reference to that statute, statutory provision or subordinate legislation as in force at the Commencement Date and as from time to time modified or consolidated, superseded, re-enacted or replaced (whether with or without modification) after the Commencement Date;
- (ix) references to 'the Parties' shall, unless otherwise expressly stated, be construed as references to the Licensee and the Undertaker, and the term 'Party' shall be construed accordingly;
- (x) references to a party shall, except where the context requires otherwise, include its successors in title and permitted assignees; and
- (xi) references to words that are defined in the Act shall have the same meaning as in the Act except where the context requires otherwise.

- 1.4 The headings and contents table in this Contract are for convenience only and do not affect its interpretation.
- 1.5 In this Contract, the word 'Premises' shall be construed in the singular unless the context requires otherwise.
- 1.6 In this Contract, the words 'other', 'includes', 'including' and 'for example' do not limit the generality of any preceding words, and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible.
- 1.7 In this Contract, the words 'for the time being' mean at the relevant time now or in the future unless the context requires otherwise.

## 2 Water Supply

- 2.1 The Undertaker agrees to supply water to the Licensee at the Premises specified by the Licensee in the Data Sheet(s) appended to this Contract or otherwise agreed in writing by the Parties in accordance with the terms of this Contract provided that the Undertaker is obliged by the Act (or other Relevant Law) to supply such Premises. If the Undertaker is not obliged by the Act (or other Relevant Law) to supply one (1) or more of the Premises specified by the Licensee, this shall not relieve the Undertaker of the obligation to supply the remainder of the Premises.
- 2.2 Subject to clause 8, the Undertaker shall supply water to the Licensee at the Premises that:
- (i) is wholesome in accordance with any regulations made pursuant to section 67 of the Act (unless the requirement of the Premises is specified in the Data Sheet to be for non-potable water);
  - (ii) is at a level of constancy and pressure that complies with:
    - (i) regulation 10 of the Water Supply and Sewerage Services (Customer Service Standards) Regulations 2008 (SI 2008/594); and
    - (ii) section 65 of the Act in respect of water for domestic purposes or water for fire hydrants that have been notified to the Undertaker by the Licensee or the Customer (either pursuant to this Contract or otherwise).

2.3 The Undertaker shall perform the Transfer of any Premises in accordance with the Customer Transfer Protocol.

2.4 The Water Supply shall be made available to the Customer at the Exit Point(s). Title to the Water Supply shall pass to the Licensee at the Exit Point(s).

### 3 Term

3.1 This Contract shall commence on the Commencement Date and continue with full force and effect unless and until terminated in accordance with its terms.

3.2 The Water Supply to any Premises shall commence on the relevant Transfer Date.

### 4 Warranties

4.1 The Undertaker warrants and undertakes on the Commencement Date and for the Term that it holds a valid Instrument of Appointment.

4.2 The Licensee warrants and undertakes on the Commencement Date and for the Term that it holds a valid Water Supply Licence.

4.3 The Licensee warrants that it will only use the water supplied by the Undertaker under the terms of this Contract for the purpose of supplying the Premises.

### 5 Compliance with Relevant Laws

5.1 The Undertaker warrants for the Term that it will comply with all Relevant Laws.

5.2 The Licensee warrants for the Term that it will comply with all Relevant Laws.

5.3 Nothing in this Contract shall be construed to prevent a Party from discharging any duty or obligation which is required by any Relevant Law.

### 6 Supply System

6.1 Nothing in this Contract alters the Undertaker's ownership of the Supply System or its responsibility to manage and operate the Supply System and this Contract does not confer any responsibilities for ownership, maintenance or other use of the Supply System to the Licensee or the Customer.

6.2 Subject to clauses 8 and 9, nothing in this Contract shall prevent or restrict the Undertaker from altering, amending, expanding, replacing, developing and/or redeveloping its Supply System.

## 7 Meters

7.1 In respect of any Meter which the Undertaker has installed at the Premises, the Undertaker shall:

- (i) maintain or replace the Meter (as appropriate);
- (ii) perform tests on the operation and accuracy of the Meter if requested by the Licensee;
- (iii) upsize or downsize the Meter (as appropriate) if requested by the Licensee; and
- (iv) if the Undertaker is implementing a replacement scheme for meters that includes the type, location or any other feature of the Meter, replace the Meter as part of such scheme.

7.2 In respect of the Undertaker's obligations under clauses 7.1(b) and 7.1(c), the Undertaker may charge the Licensee provided that such charges are consistent with the Undertaker's charges to its other customers in comparable circumstances.

7.3 The Undertaker shall perform its obligations under this clause 7 to a standard consistent with that which the Undertaker provides to its own customers of comparable size to the Licensee's Customer.

## 8 Supply Interruptions

8.1 Without prejudice to its powers under the Act, the Undertaker may Interrupt the Water Supply to the Premises if:

- (i) it is an Interruptible Supply and the Supply Interruption is performed in accordance with any terms set out in the relevant Data Sheet;
- (ii) the Water Supply is affected by an Emergency Event or any actions to prevent the occurrence or limit the effects of an Emergency Event;

- (iii) the Water Supply is affected by a Force Majeure Event;
- (iv) a Drought Order is made which overrides the terms of this Contract;
- (v) the Water Supply is affected by a Network Event; or
- (vi) the Undertaker is performing Planned Maintenance, Unplanned Maintenance or Emergency Works.

## 9 Information and Notification of Supply Interruptions and Supply Changes

- 9.1 Unless the Undertaker has notified the Licensee of a Supply Interruption or a Supply Change under clauses 9.2 to 9.4, the Undertaker shall promptly notify the Licensee and the Customer of the nature or scale of a Supply Interruption or a Supply Change and its estimated duration (provided that such Supply Interruption or Supply Change is material or could reasonably be construed as material).
- 9.2 Subject to clause 10, if any Planned Maintenance by the Undertaker will or is reasonably likely to cause a Supply Interruption, the Undertaker shall provide the Licensee and the Customer with not less than 48 hours' prior written notice of such Supply Interruption.
- 9.3 In respect of any Planned Maintenance, the Undertaker shall, to the extent reasonably practicable, liaise with the Licensee and its Customer (if requested by the Licensee) to assess the impact of the Planned Maintenance on the Customer and the Undertaker shall use reasonable endeavours to minimise or eliminate the Planned Maintenance (or impact thereof) affecting the Customer.
- 9.4 The Undertaker shall provide the Licensee with information on the Supply System (to the extent that it is applicable to the Licensee's Customer) that is equivalent in terms of content and timeliness as the Undertaker provides to its Large Users.

## 10 Special Consumers

- 10.1 In respect of any Customer (or any person that may be affected by the Water Supply to the Customer) which is designated a Special Consumer:
- (i) the Licensee shall notify the Undertaker in the Data Sheet or otherwise of the extent of a Supply Interruption or a Supply Change that can be tolerated without materially increasing the risk of harm to a person or property (**Safety Requirements**); and



- (ii) the Undertaker shall take into account the Safety Requirements of the Special Consumer and use its best endeavours to maintain the Water Supply consistent with the Safety Requirements or provide a reasonable alternative Water Supply to the Special Consumer.

## 11 Unmeasured Takes

11.1 The Parties agree that where an illegal connection is made to the Supply System which results in a third party taking water from the Supply System (an **Unmeasured Take**):

- (i) up to the Meter, such Unmeasured Take shall be for the Undertaker's account;
- (ii) at any point from and including the Meter, such Unmeasured Take shall be for the Licensee's account.

11.2 Each Party agrees to provide the other with all reasonable assistance in respect of any steps, actions or proceedings against a third party relating to an Unmeasured Take, including disconnecting the illegal connection and seeking compensation.

## 12 Licensee Equipment

12.1 The Licensee may install Licensee Equipment on or after the Exit Point(s) (including on the Meter, notwithstanding that such Meter may be owned or controlled by the Undertaker).

12.2 In respect of any proposed installation of Licensee Equipment on a Meter or other equipment owned or controlled by the Undertaker, the Licensee shall give the Undertaker not less than five (5) Working Days' written notice of its proposed installation. Such notice shall specify the nature of the Licensee Equipment to be installed and the proposed installation date.

12.3 In respect of any Licensee Equipment installed on a Meter or other equipment owned or controlled by the Undertaker, the Licensee shall ensure that such Licensee Equipment is properly maintained and the Undertaker grants the Licensee such rights of access as are necessary to perform such maintenance or replacement.

12.4 Any Licensee Equipment installed on or after the Exit Point(s) shall not form part of the Supply System.

- 12.5 Subject to clause 21.2, in the event that the Licensee suffers or incurs any Losses in relation to the Licensee Equipment which is caused by the Undertaker's act or omission, the Undertaker shall indemnify the Licensee in respect of such Losses provided that such Losses were directly caused by the Undertaker's act or omission, such Losses were reasonably foreseeable when the Licensee Equipment was installed and the Licensee made reasonable endeavours to mitigate such Losses.
- 12.6 Subject to clause 21.2, in the event that the Undertaker suffers or incurs any Losses in relation to the Supply System which is caused by the Licensee Equipment, the Licensee shall indemnify the Undertaker in respect of such Losses provided that such Losses were directly caused by the Licensee Equipment, such Losses were reasonably foreseeable when the Licensee Equipment was installed and the Undertaker made reasonable endeavours to mitigate such Losses.

### 13 Charges and Payment

- 13.1 In consideration of the provision of the Water Supply under this Contract, the Licensee shall pay the Undertaker the Charges in accordance with the provisions of schedule 2.

### 14 Change Control Process

- 14.1 Subject to clause 14.2, no variation of this Contract shall have effect unless it is made in accordance with schedule 0.
- 14.2 If Ofwat varies the Guidance then, insofar as such variation relates to the terms of the Common Contract, either Party may request that the terms of this Contract be varied in the same manner (consent to which shall not be unreasonably withheld or delayed). If the Undertaker and the Licensee are unable to agree the variation, either Party may treat the failure to reach agreement as a Dispute and invoke the Dispute Resolution procedure set out at clause 20.

### 15 Adding Premises

- 15.1 If the Licensee requires any Additional Premises to be supplied by the Undertaker, the Licensee shall notify the Undertaker of such requirement in writing. On receipt of such notice, the Undertaker and the Licensee shall comply with the requirements of the Operational Code and the Customer Transfer Protocol (as applicable) in respect of transferring Additional Premises to the Licensee.

- 15.2 Any Additional Premises shall, on the relevant Transfer Date, become Premises for the purposes of this Contract.
- 15.3 The Undertaker shall supply the Additional Premises unless it is not required to do so under section 66A of the Act.

## 16 Switching Premises

- 16.1 Subject to clause 17.1, if the Licensee requires the Undertaker to cease supply to any Premises supplied under this Contract it shall notify the Undertaker in writing (a [Switch Notice](#)) of:
- (i) the relevant Premises; and
  - (ii) the planned Switch Date.
- 16.2 The Undertaker and the Licensee shall perform the Switch of any Premises in accordance with the Customer Transfer Protocol.
- 16.3 Subject to clause 28, in respect of any Switch this Contract shall terminate in part in relation to those Premises specified in the Switch Notice on the Switch Date save in respect of clause 13 (and any related provisions or schedules) which shall survive termination until all Charges owed by the Licensee in respect of such Premises have been paid.
- 16.4 In respect of any Switch, the Licensee shall perform and promptly notify the Undertaker of the Switch Read. If the Licensee fails to provide the Undertaker with the Switch Read within five (5) Working Days of the Switch Date, the Undertaker may use an Estimated Read in lieu of the Switch Read for the purposes of the Licensee's final bill in respect of the Premises.
- 16.5 Subject to clause 28, to the extent that a Switch relates to all Premises specified in this Contract, this Contract shall terminate in its entirety on the Switch Date of the last Premises to Switch save in respect of clause 13 (and any related provisions or schedules) which shall survive termination until all Charges owed by the Licensee in respect of the Premises have been paid.

## 17 Termination

- 17.1 The Licensee may terminate this Contract in whole or in part (for example terminating one (1) or more but not all of the Premises) on not less than 30 days' prior notice in writing subject to its compliance with clause 18.3.
- 17.2 Without prejudice to any other rights or remedies, either Party may terminate this Contract in whole or in part (for example terminating one (1) or more but not all of the Premises) with immediate effect if the other Party commits a material breach of its terms and fails to either remedy such material breach (where capable of remedy) or present reasonable proposals to the other Party for rectification within 30 days of having been notified of the material breach.
- 17.3 For the purposes of clause 17.2, 'material breach' shall be construed as including without limitation:
- (i) a failure by the Licensee to pay an undisputed amount within 14 days of the date of receipt of the relevant invoice; or
  - (ii) any breach of the warranties set out at clause 4.
- 17.4 Without prejudice to any other rights or remedies, the Undertaker may terminate this Contract with immediate effect if the Licensee makes any arrangement or composition with its creditors or is the subject of a winding-up or administration order or passes a resolution for voluntary liquidation (other than a voluntary winding-up or solvent liquidation for the purposes of a scheme of reconstruction or amalgamation) or if a receiver or administrative receiver is appointed over all or any of its assets or a distress, attachment, execution or other legal process is levied, enforced or issued on or against the Licensee or any of its assets or the Licensee enters into or suffers any similar process in any jurisdiction.

## 18 Exit Arrangements

- 18.1 In the event of any termination of this Contract by the Undertaker pursuant to clause 17, the Undertaker agrees that it shall notify the Customer in writing or procure the notification of the Customer in writing by the Licensee's administrators or similar (if appropriate). Such notice shall specify that:
- (i) the Undertaker has assumed or will assume supply of the Premises pursuant to its statutory duties under section 63AC of the Act; and

- (ii) the Customer must promptly either enter into an agreement with a licensed water supplier to supply the Premises or request that the Undertaker make a supply to the Premises under section 52 or section 55 of the Act (as applicable).

18.2 In the event of any termination by the Undertaker or the Licensee of this Contract, the Undertaker shall perform the Termination Read as soon as reasonably practicable after service or receipt of the notice of termination.

18.3 If the Licensee terminates this Contract (in whole or in part) for any reason and has not entered into alternative arrangements for the supply of water to the Customer (including supply pursuant to section 66C of the Act or a Switch to another party holding a valid Water Supply Licence), the Licensee shall promptly notify the Customer in writing that:

- (i) the Licensee will cease supplying water to the Premises and the date thereof;
- (ii) the Customer may either enter into an agreement with a licensed water supplier to supply the Premises or request that the Undertaker make a supply to the Premises under section 52 or section 55 of the Act (as applicable); and
- (iii) if the Customer fails to make provision for its water supply as set out in (b) above, the Undertaker shall assume supply of the Premises pursuant to its statutory duties under section 63AC of the Act.

18.4 The Licensee shall promptly notify the Undertaker that it has complied with its obligations under clause 18.3. If the Undertaker has not received notice under this clause 18.4 within five (5) Working Days of the Licensee's termination of this Contract (in whole or in part), the Undertaker may notify the Customer directly of the Licensee's termination.

## 19 Force Majeure Event

19.1 Subject to the remainder of this clause 19, neither Party shall be liable to the other where it is unable to perform its obligations under this Contract by reason of a Force Majeure Event provided that the Party claiming to be prevented or delayed in the performance of its obligations by reason of a Force Majeure Event (the **Affected Party**) shall use all reasonable endeavours to bring the Force Majeure Event to a close or to find a solution by which the obligations contained in this Contract may be performed.

19.2 The Affected Party shall:

- (i) notify the other Party of the Force Majeure Event as soon as reasonably practicable and in any event within 10 Working Days of the Force Majeure Event occurring; and
- (ii) upon request, within 15 Working Days of the Force Majeure Event occurring, provide a report containing all relevant available information relating to the Force Majeure Event and details of the measures the Affected Party is taking to overcome or circumvent such Force Majeure Event.

19.3 The Parties shall not be relieved by reason of the Force Majeure Event from any obligation to indemnify or make payment.

19.4 If the Force Majeure Event does not affect the Water Supply to all of the Premises of the Customer, the Affected Party shall only be relieved of its obligations in respect of those Premises which are affected.

19.5 If the Force Majeure Event continues materially to affect the Customer for more than six (6) months, the Licensee may terminate this Contract in whole or in part (as it relates to Premises affected by the Force Majeure Event).

## 20 Dispute Resolution

20.1 All disputes and differences arising out of or in connection with this Contract (each a **Dispute**) shall be resolved in accordance with this clause 20.

20.2 Subject to clause 20.4, the Parties shall attempt to resolve any Dispute using the Internal Escalation Procedure set out below and this shall be a pre-condition to the commencement of any alternative dispute resolution process or referral to a Competent Authority under clause 20.3:

- (i) Either Party may initiate the Internal Escalation Procedure by serving a notice on the other Party which refers expressly to this clause 20 and provides sufficient information to enable the other Party to understand the nature of the Dispute. Following service of such a notice, the Parties shall each use reasonable endeavours to resolve the Dispute by prompt discussion in good faith at a level appropriate to the Dispute in question.
- (ii) If the Dispute remains unresolved after 10 Working Days (or such other period as agreed by the Parties) of the notice being served, an appropriate representative of each Party's senior management shall attempt to resolve the Dispute by prompt discussion in good faith.

- (iii) If the Dispute remains unresolved after 10 Working Days (or such other period as agreed by the Parties) of such referral to senior management then, unless the Parties agree otherwise, the Internal Escalation Procedure shall be treated as having been exhausted.

20.3 Subject to clause 20.4, in respect of any Dispute which has not been resolved through the Internal Escalation Procedure, either Party may:

- (i) refer the Dispute to such alternative dispute resolution process as agreed by the Parties;
- (ii) refer the Dispute to a Competent Authority where appropriate; or
- (iii) commence legal proceedings in the Courts.

20.4 Nothing in this Contract precludes legal proceedings by either Party in the Courts at any time:

- (i) for an order (whether interim or final) to restrain the other Party from doing any act or compelling the other Party to do any act; or
- (ii) for a judgment for a liquidated sum to which there is no arguable defence; or
- (iii) the purpose of which is to prevent a claim from becoming time-barred under any statute of limitations.

However, clause 20.4(i) does not apply to any proceedings from the point at which the Court orders, or the Parties agree, that the defendant should have permission to defend and clause 20.4(iii) does not apply to any proceedings after they have been commenced and served.

## 21 Limitation of Liability

21.1 Save in respect of clauses 12.5 and 12.6, a Party shall only be liable to the other Party in contract, tort (including negligence and breach of statutory duty) or otherwise howsoever arising in connection with this Contract for direct losses. All other losses are expressly excluded (subject always to clauses 21.4 and 21.5).

21.2 Each Party's liability resulting from negligence or any breach or non-performance of this Contract (except for a breach by the Licensee of its obligation under clause 13 to make payment to the Undertaker, or any other breach or non-performance of this

Contract arising from a failure by the Licensee to pay for the supply) or any misrepresentation or other tort on the part of that Party or its servants or agents shall be limited in any one (1) calendar year for any one (1) or more incidents or series of incidents whether related or unrelated in that calendar year to the aggregate of the Charges under this Contract in the preceding calendar year (or if in respect of the first calendar year of this Contract then the amount of charges incurred by the Licensee's customer with the Undertaker in the preceding calendar year). All conditions, warranties or other terms, whether express or implied, statutory or otherwise, inconsistent with the provisions of this clause 21.2 are hereby expressly excluded (subject always to clauses 21.4 and 21.5).

- 21.3 Where either Party becomes aware of any claim, difference, dispute or proceedings (actual or threatened) which it reasonably expects may lead to a liability to the other Party under this Contract, it shall notify the other Party as soon as reasonably practicable and shall provide such information as the other Party may reasonably require and shall consult with the other Party as to the conduct of such claim, difference, dispute or proceedings (whether actual or threatened).
- 21.4 Nothing in this Contract shall operate so as to exclude or limit either Party's liability for fraud, or death or personal injury caused by its negligence or the negligence of any of its officers, or any other liability that may not be excluded or limited as a matter of law in England and Wales.
- 21.5 Save as otherwise expressly provided in this Contract, this clause 21 (insofar as it excludes or limits liability) shall override any other provision in this Contract provided that nothing in this clause 21 shall exclude or restrict or otherwise prejudice or affect any of the rights, powers, duties and obligations of either Party hereto which are conferred or created by the Act, any Instrument of Appointment or Water Supply Licence granted under the Act or any other Relevant Law.
- 21.6 Subject to the rest of this clause 21, any liability under this Contract or otherwise on the part of either Party shall be reduced to the extent that the other Party has itself caused or contributed to the same and, in the event of liability to any third party, the Party who has caused or contributed to that liability shall indemnify the other Party in respect of the same.
- 21.7 The Parties agree to use all reasonable endeavours to mitigate any loss, damage or injury to which they might be subject as a result of a breach of this Contract or any Relevant Law by the other Party.



## 22 Intellectual Property Rights

- 22.1 Any Intellectual Property owned or duly licensed by either Party, or developed by either Party during the Term, in relation to the subject matter of this Contract howsoever arising shall remain vested in that Party and the other Party shall acquire no proprietary rights in or licence to use such Intellectual Property without the express written agreement of the Party in which it is vested.
- 22.2 Any disclosure or provision of Intellectual Property by either Party to the other Party shall be solely for the purposes of the performance of its obligations under this Contract.

## 23 Assignment

- 23.1 Neither Party may assign any rights or obligations under this Contract without the prior written consent of the other Party (not to be unreasonably withheld or delayed) save that:
- (i) The Licensee may assign its rights and/or obligations under this Contract in whole or in part at any time and on more than one (1) occasion provided that such assignee holds a Water Supply Licence.
  - (ii) The Undertaker may assign its rights and/or obligations under this Contract in whole or in part at any time and on more than one (1) occasion provided that such assignee holds an Instrument of Appointment.

## 24 Notices

- 24.1 All notices to be given to a Party under this Contract shall be in writing in English and shall be marked for the attention of the person, and delivered by hand or sent by first class pre-paid post, facsimile transmission or e-mail to the address, detailed for the Party below:
- (i) in the case of the Undertaker:  
  
Address: Tamblin Water, Hatfield, Hertfordshire. AL10 9EZ  
  
E-mail: regulation@affinitywater.co.uk  
  
Facsimile No: 01707 277 333

Attention: Company Secretary

(ii) in the case of the Licensee:

Address: •

E-mail: •

Facsimile No: •

Attention: •

A Party may change the details recorded for it in this clause by notice to the other Party in accordance with this clause 24.1.

24.2 A notice shall be treated as having been received:

- (i) if delivered by hand between 9.00 am and 5.00 pm on a Working Day (which time period is referred to in this clause as [Working Hours](#)), when so delivered; and if delivered by hand outside Working Hours, at the next start of Working Hours;
- (ii) if sent by first class pre-paid post, at 9.00 am on the Working Day after posting if posted on a Working Day, and at 9.00 am on the second Working Day after posting if not posted on a Working Day;
- (iii) if sent by facsimile transmission, upon receipt by the sender of the facsimile transmission report that the facsimile has been transmitted to the addressee; and
- (iv) if sent by e-mail, upon receipt by the recipient's receiving equipment.

In proving that a notice has been given it shall be conclusive evidence to demonstrate that delivery was made, or that the envelope containing the notice was properly addressed and posted (as the case may be).

24.3 In the case of a notice purporting to terminate this Contract, the Parties agree that notwithstanding such notice may have been sent by facsimile or e-mail, the terminating Party shall also, on the same day as the facsimile or e-mail notice is sent, send a copy of the notice by first class pre-paid post to the other Party.

## 25 Relationship of the Parties

25.1 Nothing contained in this Contract shall be construed as giving rise to the relationship of principal and agent (save as otherwise expressly provided in this Contract) or partnership or joint venture between the Parties.

## 26 Third Party Rights

26.1 Unless a right of enforcement is expressly provided for in this Contract, it is not intended that a third party shall have the right to enforce any term of this Contract under the Contracts (Rights of Third Parties) Act 1999.

26.2 If a person who is not a Party to this Contract is stated to have the right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999, the Parties may rescind or vary this Contract without the consent of that person.

## 27 Entire Agreement

27.1 This Contract, together with the confidentiality agreement entered into by the Parties in connection with this Contract, sets out the entire agreement between the Parties and supersedes all prior representations, arrangements, understandings and agreements between the Parties relating to the subject matter hereof.

27.2 Each Party acknowledges that in entering into this Contract it does not rely on any representation, warranty, collateral agreement or other assurance of any person (whether a Party to this Contract or not) that is not set out in this Contract or the documents referred to in it. Each Party waives all rights and remedies which, but for this clause, might otherwise be available to it in respect of any such representation, warranty, collateral agreement or other assurance. The only remedy available to any Party in respect of any representation, warranty, collateral agreement or other assurance that is set out in this Contract (or any document referred to in it) is for breach of contract under the terms of this Contract (or the relevant document). Nothing in this Contract shall, however, limit or exclude any liability for fraud or fraudulent misrepresentation.

## 28 Survival of Rights

28.1 Termination of this Contract for any reason shall not affect any rights or liabilities that have accrued prior to termination or the coming into force of any term that is expressly or by implication intended to come into force or continue in force on or after

termination. Without limitation, the Parties intend that the following provisions shall survive termination:

- (i) Exit Arrangements (clause 18);
- (ii) Dispute Resolution (clause 20);
- (iii) Limitation of Liability (clause 21); and
- (iv) Governing Law (clause 33).

## 29 Waiver

29.1 Delay in exercising, or failure to exercise, any right or remedy in connection with this Contract shall not operate as a waiver of that right or remedy. The waiver of a right to require compliance with any provision of this Contract in any instance shall not operate as a waiver of any further exercise or enforcement of that right and the waiver of any breach shall not operate as a waiver of any subsequent breach. No waiver in connection with this Contract shall, in any event, be effective unless it is in writing, refers expressly to this clause, is duly signed by or on behalf of the Party granting it, and is communicated to the other Party in accordance with clause 24 (Notices).

## 30 Rights Cumulative

30.1 The rights and remedies of the Parties in connection with this Contract are cumulative and, except as expressly stated in this Contract, are not exclusive of and may be exercised without prejudice to any other rights or remedies provided in this Contract by law or equity or otherwise. Except as expressly stated in this Contract (or in law or equity in the case of rights and remedies provided by law or equity) any right or remedy may be exercised wholly or partially from time to time.

## 31 Severance

31.1 If any term or provision of this Contract is held to be illegal or unenforceable in whole or in part under any enactment or rule of law, such term or provision or part shall to that extent be deemed not to form part of this Contract but the validity and enforceability of the remainder of this Contract shall not be affected.

## 32 Counterparts

- 32.1 Each Party shall do and execute, or arrange and procure for the doing and executing of, any act and/or document reasonably requested of it by the other Party to implement and give full effect to the terms of this Contract.
- 32.2 This Contract may be entered into in any number of counterparts and by the Parties on separate counterparts, all of which taken together shall constitute one and the same instrument.

## 33 Governing Law

- 33.1 This Contract and any non-contractual obligations arising out of or in relation to this Contract shall be governed by and interpreted in accordance with the laws of England and Wales and, subject to clause 20 (Dispute Resolution), each Party agrees to submit to the exclusive jurisdiction of the English and Welsh Courts as regards any claim or matter arising under this Contract.

Signed by the Parties or their duly authorised representatives on the date of this Contract.

SIGNED by .....  
(Name) (Signature)

POSITION .....  
(Date)

for and on behalf of **AFFINITY WATER LIMITED**

SIGNED by .....  
(Name) (Signature)

POSITION .....  
(Date)

for and on behalf of **[LICENSEE]**

## Schedule 1 - Definitions

**Act** means the Water Industry Act 1991.

**Additional Premises** means premises which are owned or controlled by the Customer other than Premises.

**Advance Payment Discount** means the percentage discount published by the Undertaker on its website and notified to Ofwat from time to time.

**Affected Party** has the meaning given to it in clause 19.1.

**Area of Appointment** means the area of England and Wales for which an Instrument of Appointment is granted.

**Billing Period** means, subject to the provisions of paragraph 2.1 and 2.2 of schedule 2, the billing period specified by the Licensee in the Data Sheet.

**Change Proposal** has the meaning given to it in paragraph 1 of schedule 3.

**Charges** means the charges calculated in accordance with schedule 2.

**Charges Adjustment** means any adjustment to charges pursuant to paragraph 3 of schedule 2.

**Charges Terms** means the charges terms set out in the Data Sheet.

**Commencement Date** means the date of this Contract or such other date as agreed by the Parties.

**Competent Authority** means any body that has a relevant regulatory or supervisory role including the Secretary of State for Environment, Food and Rural Affairs, Ofwat, the Drinking Water Inspectorate, the Environment Agency and the Health and Safety Executive.

**Customer** means the customer specified in the Data Sheet(s).

**Customer Transfer Protocol** means Ofwat's customer transfer protocol from time to time in effect.

**Data Sheet** means the data sheet(s) set out in the Appendix to this Contract.

**Dispute** has the meaning given to it in clause 20.1.

**Drought Order** has the same meaning as in section 221 of the Water Resources Act 1991.

**Due Date** has the meaning given to it in paragraph 2.4 of schedule 2.

**Emergency Event** means any event which is causing or is likely to cause danger to persons or property and, in respect of the latter, the Undertaker believes on reasonable grounds such danger to be existing or imminent.

**Emergency Works** has the meaning given to it in section 52 of the New Roads and Street Works Act 1991. For information purposes only, the current version on the date of issue of the Common Contract is set out below:

- (1) In this Part 'emergency works' means works whose execution at the time when they are executed is required in order to put an end to, or to prevent the occurrence of, circumstances then existing or imminent (or which the person responsible for the works believes on reasonable grounds to be existing or imminent) which are likely to cause danger to persons or property.
- (2) Where works comprise items some of which fall within the preceding definition, the expression 'emergency works' shall be taken to include such of the items as do not fall within that definition as cannot reasonably be severed from those that do.
- (3) Where in any civil or criminal proceedings brought by virtue of any provision of this Part the question arises whether works were emergency works, it is for the person alleging that they were to prove it.

**Estimated Read** means an estimation of the Meter Read by the Undertaker in accordance with good industry practice (meaning all relevant practices and professional standards that would be expected of an Undertaker in these circumstances).

**Exit Point** means the point on the Supply System where the Licensee is permitted to draw off an agreed supply to service Premises (for example the stop valve).

**Fire-Fighting Offtake** has the meaning given to it in paragraph 3.3 of schedule 2.

**Force Majeure Event** means any act of God, adverse weather conditions (excluding any serious deficiency in supplies caused by an exceptional shortage of rain), strike, lockout or other industrial disturbance or dispute (other than one affecting only the Party in question or its parent company or other companies in its group or otherwise associated with it), war, threat of war, act of terrorism, blockade, revolution, riot, civil commotion, public demonstration, sabotage, earthquake, or other event or circumstance which is beyond the reasonable control of the Party in question to the extent that it causes or results in an inability to perform obligations under this Contract.



**Guidance** means the Access Codes Guidance issued by Ofwat from time to time under section 66D of the Act which includes the Common Contract and the Operational Code.

**Instrument of Appointment** means an appointment granted to a company under Chapter 1 of the Act or such other legislation from time to time in effect which grants an appointment that is analogous to that granted by Chapter 1 of the Act and any conditions which are imposed, agreed or determined pursuant to the Relevant Laws.

**Intellectual Property** means:

- (a) patents (including rights in and/or to inventions);
- (b) trade marks, service marks, trade names and business names (in each case including rights in goodwill attached thereto);
- (c) design rights;
- (d) rights in and/or to internet domain names and website addresses;
- (e) semi-conductor topography rights;
- (f) copyright (including future copyright);
- (g) database rights;
- (h) rights in and to confidential information (including know how and trade secrets); and
- (i) all other intellectual property rights,

in each case subsisting at any time in any part of the world (whether registered or unregistered) and (i) any pending applications or rights to apply for registrations of any of these rights that are capable of registration in any country or jurisdiction and (ii) any similar or analogous rights to any of these rights, whether arising or granted under the laws of England and Wales or in any other jurisdiction.

**Internal Escalation Procedure** means the procedure set out in clause 20.2.

**Interruptible Supply** means a supply of water which may be interrupted by the Undertaker in accordance with the interruptible supply terms set out in the Data Sheet.

**Large User** means a customer of the Undertaker or the Licensee (as the context requires) that has an annual consumption greater than the threshold level specified in section 17D of the Act.

**Leakage Adjustment** means the amount that the Undertaker allowed for leakage allowances to its non-household customers in the preceding charging year (if any) divided by the aggregate of the charges for water supplied to its non-household customers multiplied by 100.

**Licensee Equipment** means any equipment attached to the Supply System by the Licensee including, for example, data logging equipment.

**Losses** means damage, losses, expenses or costs.

**Meter** has the same meaning as in section 219(1) of the Act and, in the context of this Contract, means the meter installed at the Premises.

**Meter Read** means a read of the Meter by physical or electronic inspection.

**Network Event** means an unforeseen and reasonably unforeseeable event which prevents or materially restricts the ability of the Supply System to provide the Water Supply to Premises.

**Ofwat** means the Water Services Regulation Authority or such other body as is created by statute with the purpose of carrying out the functions conferred on or transferred to it by the Act or under or by virtue of any other enactment.

**Operational Code** means the operational code published by Ofwat in the Guidance from time to time in effect.

**Planned Maintenance** means any maintenance requirement which:

- (a) is identified in the Undertaker's maintenance plans as notified to the Licensee in accordance with clause 9; or
- (b) was a reasonably foreseeable maintenance requirement.

**Premises** means any eligible premises specified in a Data Sheet or otherwise agreed by the Parties in writing to be supplied under this Contract (with eligibility determined in accordance with the requirements of section 17A(3) of the Act).

**Provisional Monthly Charge** means the charge calculated pursuant to paragraph 4.2 of schedule 2 in accordance with the Guidance from time to time in effect.

**Reconciliation Period** has the meaning given to it in paragraph 5.1 of schedule 2.

**Reconciliation Report** has the meaning given to it in paragraph 5.1 of schedule 2.

**Relevant Law** means:

- (a) any statute, regulation, by law, ordinance or subordinate legislation which is in force for the time being or which may be introduced from time to time to which a Party is subject;
- (b) the common law as applicable to the Parties (or any one of them);
- (c) any binding Court order, judgment or decree applicable to the Parties (or any one of them);
- (d) any binding order, decision, determination or direction of a Competent Authority which applies generally or applies to the Parties in respect of their rights or obligations concerning this Contract;
- (e) any and all relevant licences, consents or permissions, including the Undertaker's Instrument of Appointment and the Licensee's Water Supply Licence; and
- (f) any applicable industry code, policy, guidance, standard or accreditation terms enforceable by law.

**Safety Requirements** has the meaning given to it in the Data Sheet or as otherwise notified to the Undertaker by the Licensee pursuant to clause 10.

**Special Consumer** means any Customer that:

- (i) the Undertaker and the Licensee agree; or
- (ii) a Competent Authority specifically or generally determines by relevant notice,

regularly requires water urgently on medical or other grounds.

**Supply Change** means a change to the Water Supply (for example changes to the source, colour or specific identified qualities of the Water Supply) other than a Supply Interruption.

**Supply Interruption** means any failure in whole or in part to provide a Water Supply other than a Supply Change for a period of four (4) or more hours where such failure relates to a reduction in the constancy or pressure of the water supplied to the Premises and then only to the extent that such reduction is material (and **Interrupt** and **Interruption** shall be construed accordingly).

**Supply System** means the supply system of the Undertaker by reference to the meaning given to the supply system of a water undertaker in section 17B(5) of the Act.

**Supply System Change Proposal** has the meaning given to it paragraph 2 of schedule 3.

**Switch** means the switch of responsibility for the supply of water to Premises from the Licensee to the Undertaker or a third party.

**Switch Date** means the date a Switch occurs pursuant to clause 16.

**Switch Notice** has the meaning given to it in clause 16.1.

**Switch Read** means the Meter Read performed on the Switch Date.

**Term** means the period commencing on the Commencement Date and expiring on the date on which this Contract terminates pursuant to any provision of this Contract.

**Termination Read** means the Meter Read performed on the termination of this Contract.

**Transfer** means the transfer of Premises from the Undertaker or a third party to the Licensee.

**Transfer Date** means the date the provision of the Water Supply commences for Premises.

**Transfer Read** means the Meter Read performed on the Transfer Date.

**Unmeasured Take** has the meaning given to it in clause 11.1.

**Unplanned Maintenance** means any maintenance which is not Emergency Works and that is undertaken:

- (a) to rectify an unforeseen (and reasonably unforeseeable) Supply Interruption;
- (b) to avoid a Supply Interruption provided that such Supply Interruption was not reasonably foreseeable; or
- (c) in good faith, to avoid or limit an Emergency Works situation arising.

**VAT** means value added tax.

**Water Supply** means water supplied pursuant to the Undertaker's obligations set out in clause 2.

**Water Supply Licence** means a water supply licence granted to a company pursuant to Chapter 1A of the Act or such other legislation from time to time in effect which grants an appointment that is analogous to that granted by Chapter 1A of the Act and any conditions which are imposed, agreed or determined pursuant to the Relevant Laws.

**Working Day** means a day other than a Saturday, Sunday or public holiday in England and Wales.

**Working Hours** has the meaning given to it in clause 24.2(a).

## Schedule 2 - Charges

### 1 Calculation of Charges

- 1.1 The Undertaker shall calculate the Charges in accordance with the Charges Terms set out in the relevant Data Sheet.

### 2 Payment of Charges

- 2.1 The Licensee shall at its discretion determine the Billing Period for the Premises, and the date on which it wishes to receive invoices, provided that the Billing Period is no greater than one (1) month in duration (unless consented to in writing by the Undertaker).

- 2.2 The Licensee may change the Billing Period for the Premises, and the date on which it wishes to receive invoices, provided that the duration of such changed Billing Period is no greater than one (1) month in duration (unless consented to in writing by the Undertaker) and the Licensee gives the Undertaker not less than three (3) months' prior written notice of such change.

- 2.3 The Licensee shall perform (or shall procure the performance of) the Meter Read (or Transfer Read) for the Premises on the last day of the relevant Billing Period. The Licensee shall notify the Undertaker in writing of the Meter Read (or Transfer Read) not more than five (5) Working Days after the expiry of the relevant Billing Period. If the Undertaker has not received the relevant Meter Read (or Transfer Read), the Undertaker may raise an invoice on the basis of an Estimated Read.

- 2.4 The Undertaker may raise an invoice after the expiry of the relevant Billing Period for the Premises in accordance with the date determined by the Licensee under paragraph 2.1 or 2.2 above. Such invoice shall be due and payable by the Licensee within 14 days of receipt of the invoice ([Due Date](#)).

- 2.5 Any invoice issued by the Undertaker pursuant to paragraph 2.4 above shall detail (if applicable):

- (a) the Premises;
- (b) the Charges;
- (c) the Charges Terms;
- (d) For each Meter –

- (i) the Transfer Read, preceding Meter Read or preceding Estimated Read (as appropriate);
    - (ii) the present Meter Read, present Estimated Read or the Termination Read (as appropriate);
  - (e) any adjustments from previous Billing Periods;
  - (f) any Charges Adjustment; and
  - (g) any VAT payable.
- 2.6 Without prejudice to any other rights or remedies available to the Undertaker, the Undertaker may add interest at the rate of three (3) percent per annum above the current official Bank Rate (as published by the Bank of England from time to time) to any amounts not paid by the Licensee on or before the Due Date (to be calculated on a daily basis).
- 2.7 All amounts expressed as payable pursuant to this Contract are expressed to be exclusive of any applicable VAT and accordingly VAT shall be payable in addition to the amounts expressed at the rates from time to time in effect against a valid VAT invoice.

### 3 Charges Adjustments

- 3.1 If the Licensee is making payment in advance (see paragraph 4 below) for the Water Supply, the Undertaker shall deduct the Advance Payment Discount from the Charges.
- 3.2 If the Undertaker has in effect at any time during the Billing Period a policy of providing a reduction in charges to non-household customers where such customers incur or suffer a leakage, the Undertaker shall reduce the Charges to the Licensee in the relevant Billing Period by the Leakage Adjustment.
- 3.3 If the Licensee uses water that is supplied pursuant to this Contract for the purposes of fire-fighting or testing fire-fighting equipment (**Fire-Fighting Off take**) in any Billing Period, the Undertaker shall make an adjustment to the Charges for such Billing Period equivalent to the proportion of the Charges incurred that relate to the Fire-Fighting Off take provided that the Licensee notifies the Undertaker in writing:

- (a) within 30 days if the Fire-Fighting Off take occurred for the purpose of fire-fighting or, if impracticable, as soon as is reasonably practicable after the date of the Fire-Fighting Off take; or
- (b) no later than 30 days after the date of the Fire-Fighting Off take if the Fire-Fighting Off takes occurred for the purposes of testing fire-fighting equipment.

#### 4 Payment in Advance

4.1 If requested by the Licensee, the Undertaker may charge the Licensee in advance for the provision of the Water Supply. In such circumstances, the provisions of paragraphs 2.3 to 2.6 above shall be disapplied and the provisions of this paragraph 4 applied.

4.2 In respect of any payment that is made in advance, the Undertaker shall calculate the Provisional Monthly Charge in accordance with the Guidance.

4.3 The Parties shall perform the following in respect of any payment in advance:

- (a) The Licensee shall pay the Provisional Monthly Charge no later than five (5) Working Days prior to the commencement of the relevant Billing Period;
- (b) At the end of the relevant Billing Period, the Licensee shall perform (or procure the performance of) the Meter Read (or Transfer Read) and notify the Undertaker in writing of the Meter Read (or Transfer Read) not more than five (5) Working Days after the expiry of the relevant Billing Period;
- (c) The Undertaker shall thereafter issue an invoice for the Charges for the relevant Billing Period to the Licensee in accordance with the date determined by the Licensee under paragraph 2.1 or 2.2 above and with paragraph 4.4 below.

4.4 Any invoice issued by the Undertaker pursuant to this paragraph 4 shall detail (if applicable):

- (a) the Premises;
- (b) the Charges;
- (c) the Charges Terms;
- (d) For each Meter –



- (i) the Transfer Read, preceding Meter Read or preceding Estimated Read (as appropriate);
- (ii) the present Meter Read, present Estimated Read or the Termination Read (as appropriate);
- (e) any adjustments from previous Billing Periods;
- (f) any Charges Adjustment;
- (g) any VAT payable;
- (h) a credit for the amount of the Provisional Monthly Charge for the relevant Billing Period; and
- (i) the amount of the Provisional Monthly Charge for the following Billing Period.

4.5 If the Provisional Monthly Charge for a Billing Period is greater than the amount owing to the Undertaker for such Billing Period, the Undertaker shall deduct such amount from the Provisional Monthly Charge for the following Billing Period or, if requested by the Licensee, reimburse the Licensee such amount within 10 Working Days of receiving such request.

4.6 If the Provisional Monthly Charge for a Billing Period is less than the amount owing to the Undertaker for such Billing Period, the Undertaker may add such amount to the Provisional Monthly Charge for the following Billing Period.

4.7 If the Provisional Monthly Charge over any consecutive three (3) month period is either materially greater or materially less than the actual Charges for the Water Supply in the same period, either Party may require the other Party to agree to a recalculation of the Provisional Monthly Charge in accordance with the Guidance on not less than one (1) month's notice in writing.

## 5 Reconciliation

5.1 No later than 20 Working Days after the first (1) anniversary of the Commencement Date and each anniversary thereafter during the Term, the Undertaker shall provide the Licensee with a report in writing of all payments made, all amounts paid or owing, and meter readings performed or estimates made (the [Reconciliation Report](#)) in the preceding 12 month period (the [Reconciliation Period](#)).

- 5.2 Insofar as the Reconciliation Report shows that there is a discrepancy between payments made and amounts owing and this amount is undisputed then:
- (a) if there has been an undercharge over the Reconciliation Period, the Licensee shall make a payment of such undercharge within 30 Working Days of receipt of the Reconciliation Report; or
  - (b) if there has been an overcharge over the Reconciliation Period, the Undertaker shall make a payment of such overcharge within 30 Working Days of issue of the Reconciliation Report.

## Schedule 3 – Change Control Process

- 1 If either Party requires a change to the terms of this Contract other than one relating to adding or switching Premises, it shall submit to the other Party a written proposal outlining its change requirements (a [Change Proposal](#)).
- 2 In respect of any Change Proposal which would require the Undertaker to perform works or make changes to the Supply System (a [Supply System Change Proposal](#)), the Undertaker shall notify the Licensee within 20 Working Days of receipt that it regards the Change Proposal as a Supply System Change Proposal.
- 3 In respect of any Supply System Change Proposal:
  - 3.1 The Licensee may require the Undertaker to provide it with a report that details the costs of the Supply System Change Proposal provided that the Licensee reimburses the Undertaker's reasonable costs of providing such report. The Undertaker shall provide the Licensee with such report in such time period as is reasonable taking into account the work required by the Undertaker to compile it.
  - 3.2 The Undertaker may reject a Supply System Change Proposal if:
    - (a) the Licensee has not requested the Undertaker to provide a report pursuant to paragraph 3.1 above and in the Undertaker's opinion (acting reasonably) such a report is necessary considering the nature of the Supply System Change Proposal.
    - (b) the Licensee does not agree to pay the Undertaker's reasonable costs of performing works or making changes to the Supply System;
    - (c) the Undertaker considers that the Supply System Change Proposal would or would be likely to put it in breach of any Relevant Law; or
    - (d) the Undertaker considers that the Supply System Change Proposal would put at risk its ability to meet any of its existing or probable future obligations to supply buildings or parts of buildings with water for domestic purposes.
- 4 Subject to paragraph 5 below, in respect of any Change Proposal other than a Supply System Change Proposal the receiving Party shall notify the requesting Party within 20 Working Days of receipt of the Change Proposal that it:
  - 4.1 agrees to the Change Proposal;

- 4.2 rejects the Change Proposal and proposes alternative terms; or
  - 4.3 rejects the Change Proposal and provides reasons for its rejection.
- 5 If a Change Proposal relates to a request by the Licensee to change its payment terms, the Undertaker shall agree to such Change Proposal provided that the Licensee meets any conditions set out in this Contract relating to such a change.
- 6 In respect of any rejection of a Change Proposal pursuant to paragraphs 3 or 4 above, the Parties shall thereafter negotiate in good faith the terms of such Change Proposal. If agreement cannot be reached within 60 Working Days, either Party may treat the failure to reach agreement as a Dispute and invoke the Dispute Resolution procedure set out at clause 20.

## Appendix – Data Sheet

One (1) Data Sheet to be completed for each Premises to be supplied under this Contract.

Name of Customer:	
Customer Account Number:	
Address of Premises:	
Meter Details:  Meter Type: Meter Serial Number: Meter Size: Meter Location: Last Meter Reading: Date of Last Meter Reading:	
Transfer Date and Time:	
Potable Supply:	Y/N (delete as appropriate)
Interruptible Supply :	Y/N (delete as appropriate)
Interruptible Supply Terms (if applicable):	
Special Consumer:	Y/N (delete as appropriate)
Safety Requirements (if applicable):	

Charges Terms:	
Billing Period (and the date on which the Licensee wishes to receive invoices):	
Operational Contact Information for Licensee:  Name: Telephone: Email: Fax:	

