



The Non-Household Water Market

Affinity Water Compliance Code

Condition R

June 2019

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*This **Compliance Code** is prepared under Condition R of Affinity Water Limited’s **Instrument of Appointment** and Ofwat’s *Guidance on Compliance Codes*.*

Capitalised terms shown in bold in this **Compliance Code** have the meanings given in the Glossary at Appendix 3.

1. Introduction



Affinity Water has special responsibilities under competition law because it owns and operates the whole of the water supply network in its area.

This **Compliance Code** explains what every one of us must do to ensure we meet our responsibilities under competition law when providing wholesale services to water retailers. It applies where **Affinity Water** is supplying water to (or negotiating the terms of supply with) a retailer.

For us at **Affinity Water**, this is especially important because we are providing wholesale services to Affinity for Business (Retail) Limited. This is a legally separate group company which provides water and sewerage services to non-household customers both inside and outside our water supply area.

We all have to take compliance with this **Code** seriously because any contravention could put **Affinity Water** at risk of breaching competition law or its licence conditions. Ofwat has the power to impose financial penalties on **Affinity Water** of up to 10% of our annual turnover for any contraventions of our licence conditions. For certain offences under competition legislation, individuals can be liable personally and, if found guilty, could be fined or sentenced to a term of imprisonment.

This **Code** is primarily for **Affinity Water** employees (and others acting on behalf of **Affinity Water**). We are publishing it on our website so that retailers and their non-household customers can understand **Affinity Water's** approach to ensuring they are treated fairly.

This **Code** has a section setting out the rules which all of us must follow. Further sections explain what this means for particular teams and make compliance responsibilities clear.

We will provide training to you on the requirements of this **Code** to the level appropriate for your role. Competition law training will be refreshed at regular intervals and new joiners will receive appropriate training within a short time of starting their employment.

Every one of us must follow this **Code**. Please take the time to read it. If you are ever unsure as to what you need to do to follow this **Code**, or have any concerns about the issues mentioned in the **Code**, you should discuss these with your line manager or seek further guidance from the Legal Team .

Tim Monod
Director of Legal and Assurance

KEY POINTS

- This **Compliance Code** is designed to ensure that everyone plays fair so that retailers and their customers benefit from competition in the non-household retail market
- As a wholesaler, **Affinity Water** has legal obligations to comply with its **Instrument of Appointment, Market Codes** and competition law, and the legal consequences of non-compliance are significant
- The **Code** helps to ensure that you know what to do and when to do it
- If you breach this **Code** it may result in disciplinary proceedings being taken against you

2. The Four Key Rules

Rule 1	• Comply with the market rules
Rule 2	• Treat all retailers the same so there is a level playing field
Rule 3	• Keep information confidential
Rule 4	• Remember Affinity Water and Affinity for Business are separate businesses

KEY POINTS

- A set of market rules known as the **Market Codes** has been established for wholesalers and retailers to follow
- **Affinity Water** must provide wholesale services to all retailers in accordance with the **Market Codes** and on a level playing field basis
- **Affinity Water** must not share confidential information about retailers and their non-household customers with any third party (including **Affinity for Business**)
- **Affinity Water** is separate from **Affinity for Business** – they each have their own people and make their own business decisions

At a Glance

Do:

- Make sure that you follow all of the market rules – you will be given training to help you
- Keep information confidential and share information only where you need to and are confident this is allowed under the **Market Codes**
- Direct all contact from retailers during normal business hours to the **Wholesale Operations Service Desk**
- Provide the same standard of service to all retailers and their non-household customers
- Remember that **Affinity Water** and **Affinity for Business** are legally separate businesses making their own business decisions
- Respect any restrictions on your access to people, premises and computer systems
- If you aren't sure then ask – there are plenty of people who can help – you can ask your line manager or any member of the Legal Team

Don't:

- Offer any opinion about any retailer or competitor to any business, or any other party
- Give preferential treatment to **Affinity for Business** (or to any other retailer)
- Provide information about one retailer to another (even if you have the consent of the other retailer)
- Give out any information about retailers' customers unless you are sure this is necessary under the **Market Codes**
- Think of or refer to **Affinity for Business** as "our" retailer

Rule 1

- Comply with the market rules

What are the market rules?

These are set out in the **Market Codes**:

- The **Wholesale-Retail Code** sets out the legal, commercial and operational arrangements that wholesalers, such as **Affinity Water**, and retailers must follow
- The **Market Arrangements Code** sets out how retailers, wholesalers and the **Market Operator** work together within the market

Affinity Water must follow and comply with the **Market Codes**. Further information about the **Wholesale-Retail Code** and **Market Arrangements Code** is provided in Appendix 2.

Why does it matter?

- Following the market rules will ensure that the market operates properly for the benefit of all retailers' customers
- Following the market rules will ensure that all retailers are treated fairly

How do I follow the Rule?

- Apply the processes in the **Market Codes** in your business area
- Meet the timescales and Key Performance Indicators in the **Market Codes**
- Deal with retailers' customers only through their retailers - unless dealing with an unplanned event or incident affecting water supply when the **Market Codes** allow direct contact

Here's a scenario that will help you understand what to do:

A retailer phones you with an issue which one of their non-household customers has raised with them. They've called you because they've met you previously and think you'll be able to help them. You can answer their query easily and are keen to provide a good service to the retailer. But in fact you must ask them to call the **Wholesale Operations Service Desk** who will be able to assist them. Unless you are on the **Wholesale Operations Service Desk** you should not communicate directly with retailers.

If you ever have any questions about what you need to do to follow the **Market Codes** you should ask your line manager or contact a member of the Legal Team.

Rule 2

- Treat all retailers the same so there is a level playing field

We need to treat all retailers the same whenever:

- We are providing a service to them
- They contact us with a query
- They seek to influence **Affinity Water**

Affinity Water must not show undue preference towards, or unduly discriminate against, any non-household retailers or their customers. This means that **Affinity Water** must treat all retailers, and all non-household customers of those retailers, in the same way. We must therefore provide our wholesale services (and commercial information about our services) to all retailers (including **Affinity for Business**):

- Within the same timescales
- Under the same terms and conditions
- For the same price
- Using the same systems and processes
- With the same degree of reliability and performance.

Commercial information might include information about charges and tariffs, operational information such as water quality or water resources information or information relating to new wholesale services.

We must also ensure that **Affinity for Business** does not influence or seek to influence the commercial policy of **Affinity Water** other than through routes available to all retailers.

Why does it matter?

- If we show preference for one retailer over another this is unfair and will undermine competition
- Our reputation for compliance and playing fair is important

How do I follow the Rule?

- Treat all retailers the same; be careful not to give any special treatment to any one retailer or their non-household customer
- When attending non-household premises, provide the same high standard of service to customers of all retailers and do not make any favourable or unfavourable comment about any particular retailer
- Refer any contact from a retailer to the **Wholesale Operations Service Desk**. Refer to the guidance for specific teams for case of emergency, unplanned events and out of hours contacts

Here's a scenario that will help you understand what to do:

A retailer suggests meeting over lunch to run through some customer service issues and you're not sure whether you should accept the invitation. If you work anywhere other than the **Wholesale Operations Service Desk** then the answer is easy – you shouldn't be having any direct contact with retailers. If you work on the Desk then the answer is more complex. You can meet to discuss customer issues over lunch or otherwise as long as all other retailers are offered the same opportunity to talk to you about their issues.

Rule 3

- Keep information confidential

We all need to keep confidential any information about:

- Retailers
- Retailers' customers
- **Affinity Water**, unless it needs to be shared under the **Market Codes**

When retailers contact **Affinity Water**, they may share confidential information about their businesses and their non-household customers. Confidential information is information about the affairs and operations of the retailers and their non-household which is not readily available to the public.

We must only use this **Confidential Information** for the purpose it is given i.e. providing wholesale services and complying with our legal duties.

We must not disclose **Confidential Information** about retailers or their customers to third parties (including **Affinity for Business**) unless it is necessary to and permitted under the **Market Codes**.

We must only ask retailers to provide information that we reasonably require to provide wholesale services to them and their customers as set out in the **Market Codes**.

Why does it matter?

- If a retailer obtains **Confidential Information** about another retailer the former could have an unfair advantage
- To ensure that retailers and their customers can trust us to keep their information confidential

How do I follow the Rule?

- Keep all information about retailers and customers confidential and only use it for the purpose it was given.
- Only tell retailers what we are required to tell them under the **Market Codes**.
- Keep **Affinity Water's** information confidential, except information we need to give retailers to pass on to their customers.
- Ensure we don't use **Affinity Water** information to give **Affinity for Business** any advantage.

There are safeguards **Affinity Water** has put in place to help you keep information confidential:

- Only employees working in the **Wholesale Operations Service Desk** team have access to the dedicated email account made available to retailers.
- **Affinity Water** and **Affinity for Business** have separate premises which can only be accessed by employees of each.
- Access rights to IT systems are kept separate.

Here's a scenario that will help you understand what to do:

A retailer wants to know whether **Affinity Water** has any plans to offer new services to retailers. You are working on some new proposals that you're excited about and would welcome some feedback from a retailer. However, you must not discuss these plans with any retailer; this information should be treated as confidential to **Affinity Water** and must be made available to all retailers at the same time and in accordance with the **Market Codes**.

Rule 4

- Remember **Affinity Water** and **Affinity for Business** are separate businesses

Business separation – the rules tell us we must:

- Treat **Affinity for Business** as a separate company – never refer to **Affinity for Business** as “our retailer”
- Operate separate IT systems and processes
- Only carry out work for **Affinity for Business** under the **Wholesale-Retail Code** - or under the corporate services agreement (see below).

All transactions between **Affinity Water** and **Affinity for Business** must be carried out as if **Affinity for Business** were an entirely unrelated company. This is to make sure that **Affinity for Business** does not have an unfair advantage over other unrelated Retailers.

All transactions between **Affinity Water** and **Affinity for Business** relating to wholesale services covered by the **Market Codes** must take place through the **Wholesale Operations Service Desk**. When considering whether to enter into a particular transaction relating to wholesale services, **Affinity Water** will consider only factors relevant to its position as a wholesaler of water.

Affinity Water provides certain corporate services (Finance, Legal, Internal Audit, IT) to **Affinity for Business**. There is a corporate services agreement in place between **Affinity Water** and **Affinity for Business** that ensures these services are provided on arm’s-length terms and that costs are charged for the services provided in accordance with applicable regulatory accounting guidelines.

You must not provide any service to **Affinity for Business** unless it is covered by the corporate services agreement. Information about the procedures for accounting and charging for corporate services provided to **Affinity for Business** is available from the Finance team.

Why does it matter?

- Providing any sort of commercial advantage to **Affinity for Business** because of its link to **Affinity Water** would be unfair and would undermine competition
- Retailers and their customers need to know that we’ll treat them fairly

How do I follow the Rule?

- Treat **Affinity for Business** as a separate company.
- Only talk to **Affinity for Business** about wholesale services if you work on the **Wholesale Operations Service Desk**, the **Operational Contact Centre** or you work in one of the teams providing services under the corporate services agreement.

Here’s a scenario that will help you understand what to do:

A former colleague from **Affinity for Business** contacts you because they remember you talking about an issue similar to one they’re dealing with for one of their non-household customers and think you’d be able to help move the issue forward. You mustn’t discuss the issue; you must instead ask your former colleague to contact our **Wholesale Operations Service Desk**.

3. Guidance for Wholesale Operations Service Desk

If you are working on the **Wholesale Operations Service Desk** you act as the single point of contact for all retailer contact, enquiries, service requests and complaints. These retailers are your customers. You must treat all retailers as equally valued customers of **Affinity Water** and must not provide any special treatment or service to any one retailer. In particular, you must not show any preference for **Affinity for Business**.

Contacts with Retailers

All contacts from retailers (including **Affinity for Business**) during normal business hours must be dealt with by the **Wholesale Operations Service Desk**. The **Wholesale Operations Service Desk** has its own dedicated e-mail address (wosd@affinitywater.co.uk) and telephone number 0345 350 3677.

All contacts from retailers (including **Affinity for Business**) outside normal business hours must be dealt with by the **Operational Contact Centre**, which will deal with any emergency situations in accordance with the requirements of the **Market Codes**. The **Operational Contact Centre** will report any retailer contact to the **Wholesale Operations Service Desk**.

In case of out of hours non-emergency contacts, the **Operational Contact Centre** must advise the retailer to call the **Wholesale Operations Service Desk** during normal business hours.

Contacts from Retailers' Customers

If a retailer's customer calls with a routine request or query, or with a complaint, they must be directed to contact their retailer.

If a retailer's customer calls about an emergency, they should be passed to the **Operational Contact Centre**. An emergency includes any unplanned event or incident affecting the supply of water services, including about drinking water quality or damage to property from burst mains or a leak.

Complaints

If **Affinity Water** receives a complaint from a retailer about the provision of wholesale services, the complaint must be dealt with in accordance with the process set out in Section F5 of the Operational Terms of the **Market Codes**. The **Wholesale Operations Service Desk** is responsible for receiving and responding to all complaints relating to the provision of wholesale services.

A complaint should not be expedited or elevated simply because, for example, a retailer alleges that **Affinity Water** has breached the **Market Codes** or its legal obligations relating to competition law. To do this could give them an unfair advantage over their competitors. Any complaint which alleges that **Affinity Water** has breached the **Market Codes** or its legal obligations relating to competition law should be referred to the Legal team.

A retailer's customer calling with a complaint must be referred to their retailer unless it relates to an emergency or urgent situation related to an unplanned change to water services. In this case the complaint should be dealt with by **Affinity Water** in accordance with Part E of the Operational Terms of the **Market Codes**.

Agreeing Terms of Business with Retailers

All wholesale services provided to retailers must be on the basis of the tariffs and charges set out in **Affinity Water's Wholesale Tariff Document** and the terms and conditions set out in the **Wholesale Retail Contract** and **Market Codes**. Each retailer must be offered credit terms consistent with their credit standing and the requirements of the **Market Codes**. Wholesale special agreement tariffs may not be offered to any retailer without the approval of the Director of Legal and Assurance.

If your role involves discussing and negotiating the terms and conditions for **Affinity Water** to provide a wholesale water supply to a retailer, you must respect the confidentiality provisions in Part H of the **Business Terms** of the **Market Codes**.

At a Glance

Do:

- Act as a single point of contact for all enquiries from any retailer, including **Affinity for Business**
- Ensure you deal with all contacts from retailers in the same way regardless of which retailer is contacting you
- Keep **Confidential Information** confidential
- Ensure you inform a retailer of any contact from one of its customers

Don't:

- Disclose information or data relevant to one retailer to another retailer
- Give special treatment to any one retailer

4. Guidance for Operational Contact Centre

Unplanned events and incidents

You should deal with an emergency situation which you are contacted about by a retailer or their non-household customer in the usual way and in accordance with Part E of the Operational Terms of the **Market Codes**.

Once you have dealt with the immediate situation you must report the contact to the **Wholesale Operations Service Desk**.

Here's a scenario that will help you understand what to do:

You receive a call from a retailer's customer complaining about the taste of their water. You should respond to this in exactly the same way as you would to a complaint from a household customer. Once you've addressed the immediate problem you should inform the **Wholesale Operations Service Desk** so that they can keep the retailer informed.

Other contacts from retailers and their customers

If a retailer contacts you with any request or query which doesn't relate to an emergency they should be referred to the **Wholesale Operations Service Desk**.

If you receive a call from a retailer's customer about a non-emergency matter, you must ask them to refer their enquiry to their retailer.

At a Glance

Do:

- Answer any queries from a retailer's customer about an emergency situation
- Direct a retailer's customer making contact about a non-urgent matter to contact their retailer
- Reassure retailers' customers that in an emergency they can still contact **Affinity Water** who will respond to the situation
- Provide the same high level of service to all retailers' customers whether they are customers of **Affinity for Business** or another retailer

Don't:

- Suggest to retailers' customers that they contact our usual customer helpline number about routine queries. They need to contact their retailer about these
- Offer to speak to your **Affinity Water** colleagues about any non-urgent non-household issue. Retailers' customers must contact their retailer about these
- Treat retailers' customers differently because they are customers of **Affinity for Business**

5. Guidance for Wholesale Community Teams

Visiting non-household premises

If your role involves visiting non-household premises, you have a key part to play in ensuring compliance.

Non-household “customers” will not be customers of **Affinity Water**. They are customers of their retailer. You should treat all retailers’ customers equally, regardless of who their retailer is. You should never ask who their retailer is or comment on any retailer.

You will, though, need to think about how you respond to any queries from a retailer’s customer during your visit to non-household premises. You must not discuss billing or customer service matters with them and must ask them to direct these enquiries to their retailer. If they are not sure who their retailer is ask them to look at their bill and use the details provided there. Only act on the job in hand and don’t offer advice to them about other matters, except in the event of an emergency.

Dealing with an emergency situation is the legal responsibility of the wholesaler, **Affinity Water**, so you can answer any of the customer’s questions about an emergency.

Here’s a scenario that will help you understand what to do:

You are visiting non-household premises to carry out a job and while you are there the retailer’s customer asks you whether you can help them to understand an item on their bill. You must explain that their water is supplied by their retailer and ask them to check their bill and contact their retailer using the details provided on their bill.

At a Glance

Do:

- Answer any queries from a retailer’s customer about an emergency situation
- Direct a retailer’s customer asking about a non-urgent matter to contact their retailer
- Reassure retailers’ customers that in an emergency they can still contact **Affinity Water** who will respond to the situation
- Provide the same high level of service to all retailers’ customers you visit whether they are customers of **Affinity for Business** or another retailer

Don’t:

- Suggest to retailers’ customers that they contact our usual customer helpline number about routine queries. They need to contact their retailer about these
- Offer to speak to your **Affinity Water** colleagues about any non-urgent non-household issue. Retailers’ customers must contact their retailer about these
- Treat customers of **Affinity for Business** differently to customers of other retailers

6. Guidance for Other Wholesale Teams

Dealing with enquiries

Wholesale teams outside of the **Wholesale Operations Service Desk** and Operations Contact Centre should not have any direct contact with retailers (including **Affinity for Business**) or their customers.

You may feel that you are being unhelpful if a retailer or their customer does contact you and asks you a question which you could answer. But it is essential that all queries are passed on to the proper point of contact, which is the **Wholesale Operations Service Desk**.

You should only respond to enquiries concerning retailers or their customers that are formally forwarded to you by the **Wholesale Operations Service Desk**. Any information that you are preparing for a retailer should be provided only to the **Wholesale Operations Service Desk**, who will forward it on.

Here's a scenario that will help you understand what to do:

A former colleague who is working for **Affinity for Business**, contacts you to ask you for some advice about a project they are working on. You must ask them to call the **Wholesale Operations Service Desk** who will assist them. This is the official channel for retailer enquiries and will ensure that everyone keeps **Affinity for Business** separate and operates a level playing field.

At a Glance

Do:

- If contacted by a retailer, including **Affinity for Business**, politely refer them to the **Wholesale Operations Service Desk**
- If contacted by a retailer's customer, politely refer them to their retailer

Don't:

- Agree to help out the retailer or their customer 'just this once'

7. Guidance for Other Teams

Dealing with enquiries

If you do not work for the **Wholesale Operations Service Desk** or Operational Contact Centre you should not be contacted by a retailer (including **Affinity for Business**) or one of their customers about wholesale water services provided to non-household premises.

If you do receive contact from a retailer (including **Affinity for Business**), you should ask them to contact (or transfer them to) the **Wholesale Operations Service Desk**. Don't try to answer their enquiry.

If the caller is a retailer's customer you should ask them to contact their own retailer, which could be **Affinity for Business** or another retailer, unless it is an emergency in which case they should be referred to the Operational Contact Centre. If they are unsure as to who is their retailer you can suggest that they check their bill.

Here's a scenario that will help you understand what to do:

You receive a call from **Affinity for Business** or another retailer about a problem being experienced by one of their customers. You know you could help. You must however advise them they must contact the **Wholesale Operations Service Desk** who will assist them. This is the official channel for retail enquiries and will ensure that everyone keeps the retail business separate and operates a level playing field.

Providing corporate services to Affinity for Business

If you work within one of the teams providing corporate services (Finance, Legal, Internal Audit, IT) to **Affinity for Business** you must ensure that you do so in accordance with the agreement for provision of corporate services, and the process for providing services under the agreement. Following this process will ensure that we know what services we have provided and that these are correctly charged for.

You must also ensure that you comply with all of the principles set out in this **Compliance Code** when providing those services.

Here's a scenario that will help you understand what to do:

You are approached directly by **Affinity for Business** for support with an issue outside of the process in place for requesting this help. You must ask them to raise their request under the corporate services agreement using the correct process and not provide assistance until this has been done.

8. Monitoring Compliance with this Compliance Code

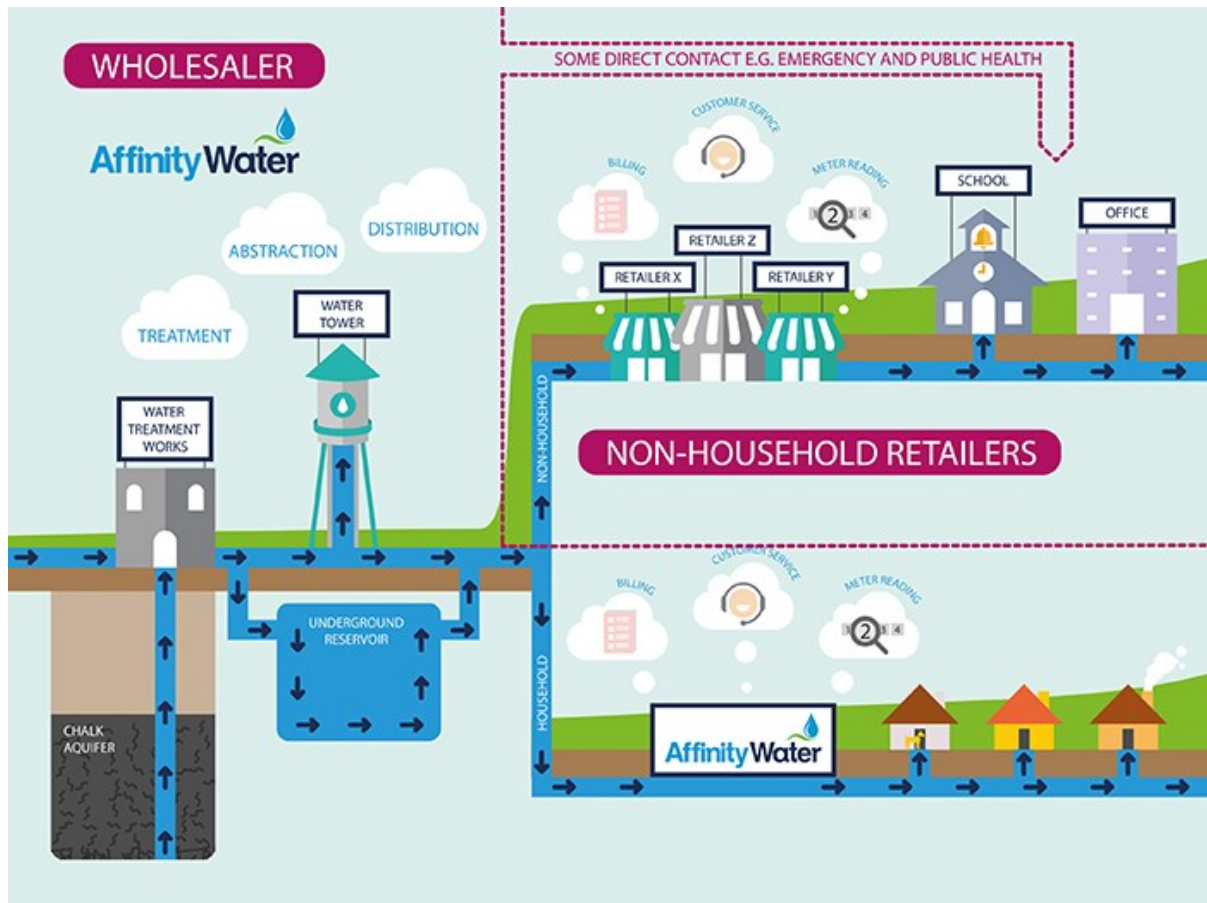
We will evaluate the effectiveness of this **Compliance Code** on a regular basis to ensure that it is working effectively. Where areas of risk are identified that are not already covered, we will update the **Code** to address them. The **Code** will be reviewed annually and the Director of Legal and Assurance is responsible for ensuring this happens.

We have established a Level Playing Field Committee to oversee compliance with level playing field principles in the non-household water market and competition law more generally. The Level Playing Field Committee is responsible for reviewing the effectiveness of this **Code** and for reporting on compliance matters relating to observance of level playing field principles to the Audit Committee. The Risk and Compliance Manager is responsible for reporting to the Level Playing Field Committee and Audit Committee in respect of level playing field matters. Internal Audit will undertake audits of compliance from time to time as approved by the Audit Committee.

Appendix 1 - About the Non-Household Water Market

The non-household retail market works like many other open utility markets in the UK, such as telecoms, electricity and gas. Competition aims to drive down prices and improve customer service for consumers, whether they are the smallest charity or the largest corporation.

Having one water retailer also means companies can opt to have just one water bill, if they wish, for all of their sites/businesses wherever they are in the country.



Water retailers (either a **Water Supply Licensee** or the retail arm of an incumbent water company) buy the physical supply of water from wholesalers such as **Affinity Water** and other incumbent water companies. Wholesalers supply water and/or waste water services to premises in their designated supply areas. Retailers then provide these services to their non-household customers along with retail services such as billing, water meter reading and customer services.

Household customers continue to receive all their water services directly from their existing supplier and cannot change supplier.

A **water supply licensee (retailer)** holds a licence granted by Ofwat to use an incumbent's network (where certain conditions are met) to supply water to the licensee's own retail customer. The licensee may hold a "retail authorisation" and/or a "wholesale authorisation".

A **retail authorisation** allows a **water supply licensee (retailer)** to take water from an incumbent's network to supply water to the licensee's own retail non-household customer. All non-household customers can choose their retailer.

A **wholesale authorisation** allows a **water supply licensee (retailer)** to put water into an incumbent's network to supply water to the licensee's own retail non-household customer. This is sometimes known as "common carriage" and is currently only allowed where the licensee's retail customer uses more than five million litres per year at a single site. These arrangements are managed in accordance with the incumbent's published **Network Access Code**.

Appendix 2 – Sources of Affinity Water’s obligations

Licence Condition R

Affinity Water is a statutory water undertaker appointed by the Secretary of State. It operates under an **Instrument of Appointment** which imposes conditions on how it carries out its functions as a water undertaker.

Condition R of the **Instrument of Appointment** is particularly important as it relates to the duties placed on **Affinity Water’s** wholesale functions in providing water supplies to **water supply licensees** (retailers). It sets out certain rules about how **Affinity Water** should interact with retailers. These cover anti-competitive behaviour and obligations about what information should be provided to a retailer so it can provide retail services to non-household customers within **Affinity Water’s** water supply area. **Affinity Water** must have a **Compliance Code** which complies with Ofwat’s Compliance Guidance and which covers its obligations to discharge its wholesale duties and its obligation of confidentiality.

Condition R requires that where a water undertaker is related to a retailer, it must ensure that every transaction between the two is carried out on arm’s length terms. This means that transactions between the wholesale business of **Affinity Water** and **Affinity for Business** must be carried out as if **Affinity for Business** were an unrelated company. This is to make sure that **Affinity for Business** does not have an unfair advantage over other unrelated **water supply licensees**.

The **Market Codes** described in this document do not apply to the situation where a **water supply licensee** with a wholesale authorisation seeks to put water into **Affinity Water’s** network to supply water to the licensee’s own retail non-household customers. These arrangements must be managed in accordance with **Affinity Water’s** published **Network Access Code** which sets out the relevant provisions for securing access to **Affinity Water’s** supply system. Before any information is exchanged between **Affinity Water** and a **water supply licensee** in these circumstances, a legally binding confidentiality agreement must be entered into. The rules in this **Compliance Code** relating to operating a level playing field, confidentiality and business separation apply equally to these arrangements.

Competition Act 1998

The Competition Act 1998 prohibits the following anti-competitive behaviour:

- Any agreement which has as its object or effect the prevention, restriction or distortion of competition
- Any conduct which amounts to an abuse of a dominant position

Market Arrangements Code

A multi-lateral code applying to all market participants and the **Market Operator**. It contains the provisions, which set out how the parties work together to govern the market.

The provisions include governance of the **Market Operator**, including the constitution of its board and the financing of the company; governance of the market, including the constitution of the panel, which is responsible for reviewing change proposals affecting both the **Wholesale-Retail Code** and the **Market Arrangements Code** and making recommendations to Ofwat on those changes.

Wholesale-Retail Code

The **Wholesale-Retail Code** sets out the legally binding obligations to be followed by wholesalers (**Affinity Water**), retailers (**Affinity for Business** and others) and the **Market Operator**.

Operating a level playing field means that **Affinity Water** must not provide services to **Affinity for Business** in a way that would provide **Affinity for Business** with an advantage over other retailers it may be competing with. Equally, **Affinity for Business** must not seek special treatment from **Affinity**

Water, neither can it refer to, nor imply, that its position as part of the **Affinity Water** group of companies places it in a better position than its competitors.

The **Wholesale-Retail Code** consists of 5 core documents supported by subsidiary documents, forms and high-level processes. These are described below.

Wholesale Contract	The Wholesale Contract is a short standardised contract. The key purpose of the contract is to give contractual effect to all of the parts of the Wholesale–Retail Code , including the Business Terms, and to allow wholesalers to charge retailers for the wholesale services and be paid accordingly.
Objectives, definitions and principles	Sets out the overall objectives of each of the Operational Terms, Market Terms and Business Terms and includes a glossary of abbreviations and defined terms.
Business Terms	Sets out the ‘terms of trade’ between a wholesaler and a retailer. The provisions align with those found in commercial contracts and have the effect of codifying such requirements across the market. These include provisions relating to the supply and the services; charges and billing arrangements, including timing of invoicing; default and termination; force majeure; disputes arrangements; confidentiality; and provisions relating to credit cover.
Operational Terms	Sets out the processes and other arrangements which apply to wholesalers and retailers to enable operational work to be undertaken for the retailer’s customer. They also set out the requirements for ensuring that certain information flows from wholesalers to retailers take place, such as information about planned activities affecting services, so that retailers can inform their customers; and how other critical matters are dealt with, in particular unplanned events affecting the supply of water or sewerage services.
Market Terms	Taken together, the Market Terms and Code Subsidiary Documents (CSDs) set out the obligations of the Market Operator , wholesalers and retailers, and how they interact to ensure the market functions in an orderly way.

Appendix 3 – Glossary

Capitalised terms shown in bold in this **Code** have the meanings given in the table below.

Term	Meaning
Affinity for Business	The trading name of Affinity for Business (Retail) Limited, which holds a water supply licence and a sewerage licence authorising it to retail water and sewerage services to non-household premises
Affinity Water	Affinity Water Limited
Compliance Code (or Code)	This document which has been prepared by Affinity Water under Condition R of its Instrument of Appointment
Confidential Information	Information that is not in the public domain and which relates to the affairs of a retailer or a retailer's customer (or their respective operations or management or otherwise) in connection with (or in anticipation of) the provision of wholesale services
Instrument of Appointment	The document appointing Affinity Water as a water undertaker under the Water Industry Act 1991
Market Arrangements Code	A multi-lateral code applying to all market participants and the Market Operator . It contains the provisions, which set out how the parties work together to govern the non-household retail market
Market Codes	Wholesale-Retail Code and Market Arrangements Code
Market Operator	The company appointed by wholesalers and retailers to fulfil the role of the market operator under the Market Arrangements Code and Wholesale-Retail Code which at the date of this Compliance Code is Market Operator Services Limited (MOSL)
Network Access Code	The code published by Affinity Water setting out arrangements for Water Supply Licensees with a wholesale authorisation to secure access to Affinity Water's supply system
Water Supply Licensee (or retailer)	A water supply licensee is a company that holds a water supply licence and retails water services to its non-household customers
Wholesale Operations Service Desk	The team within Affinity Water's wholesale operations business responsible for the provision of wholesale services to retailers
Wholesale-Retail Code	A statutory code designated by Ofwat under the Water Industry Act 1991 setting out the obligations of wholesalers, retailers and the Market Operator in respect of the provision of wholesale water and sewerage services to eligible non-household premises

