



Dŵr Cymru Cyfyngedig

Network Access Code

Version 15

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1. Overview

1.1 Purpose and role of the access code

The Water Industry Act 1991 (as amended) (“WIA 1991”) permits a licensed water supplier access to a water undertaker’s supply system in order that the Licensee may supply water to eligible premises. Condition R of a water undertaker’s Conditions of Appointment requires every water undertaker to publish an access code setting out the basis upon which it will permit access to its supply system. The access code must comply with the requirements of section 66A-66C WIA 1991 and with any Ofwat guidance on access codes, published from time to time.

This is Dŵr Cymru Cyfyngedig (“DCC”)’s access code published under Condition R and the WIA 1991 framework (as amended by the Water Act 2003) containing the requirements that apply for access to DCC’s supply system. DCC reviews this code at least annually (by 15th October of each year in accordance with Condition R) and modifies it, for example, to reflect changes in Ofwat’s relevant guidance.

This access code provides guidance to Licensees who are seeking access to or use of DCC’s water supply system to provide wholesale and/or combined services. A wholesale service is a supply of water by DCC to a Licensee for the Licensee to supply water to its eligible customers’ premises. A combined service occurs where a Licensee introduces water into DCC’s water supply system and the Licensee supplies water to its eligible customers’ premises. For the purposes of this access code the term ‘access’ refers to both wholesale and combined services. This access code should be read in conjunction with [DCC’s Compliance Code](http://dwrcymru.com/en/Reading_Room_Library/Company-Statements.aspx) (http://dwrcymru.com/en/Reading_Room_Library/Company-Statements.aspx).

Any queries in relation to this access code, DCC’s indicative access prices, or in relation to the water supply licensing regime generally should be directed to:

Wholesale Service Centre
Dŵr Cymru Welsh Water
PO Box 3164
Cardiff
CF30 0FF
Email: wholesaleservicecentre@dwrcymru.com
[Telephone: 0800 260 5053](tel:08002605053)

For wholesale services, this access code incorporates the operational code and common contract from Ofwat's access codes guidance. The operational code contains the relevant procedure (including timetables) for dealing with a request made by a Licensee under section 66A WIA 1991. The common contract sets out the relevant terms and conditions upon which access shall be permitted. Licensees should refer to this access code for further details where neither the operational code nor common contract deals sufficiently with an issue.

No operational code or common contract exists for combined services. Therefore, this access code sets out the generic terms and conditions upon which combined access shall be permitted. It provides guidelines for producing contracts and describes the approach to be taken in negotiating a particular access agreement for combined services. Licensees shall follow the application process as detailed for combined services.

The Water Act 2014 contains proposals to make major changes in England to the present water supply licensing system as well as introducing a new regime, also in England, for new entrants to be appointed as sewerage Licensees. Those changes will not apply in Wales, where the existing regime will continue.

In England a full competitive non-household retail market is scheduled to open in April 2017. Although it is not currently planned to implement those reforms in Wales, parts of this code will require updating in due course to reflect changes made by the new regime. This access code will be operational until 1 April 2017 when the full non-household retail market opens in England.

This access code deals with access to DCC's water supply system only and does not deal with access to DCC's wastewater system, which is not included within the licensed supplier regime. DCC's water supply system is defined in section 17B(5) WIA 1991 as comprising any water mains and other pipes that are used for conveying water from DCC's treatment works to its customers' premises, and any non-potable networks which are used to convey water from any of DCC's sources to its customers' premises. Access to all other facilities is outside the licensing regime and excluded from this access code.

It is DCC's intention to conform to the following high-level principles in negotiating access agreements.

General

- Prior completion of an access agreement is a requirement of access to the supply system
- DCC and the Licensee will take all necessary steps to ensure compliance with such laws and regulations as shall apply from time to time and to co-operate with each other in the general interests of continuous provisions of wholesome water and the integrity of the supply systems
- The responsibility for all elements of wastewater service provision remains with DCC

Supply

- DCC has a duty under WIA 1991 to supply water to premises in its area. The activities of the Licensee shall not prejudice this duty

- DCC will retain ownership, management, maintenance and control of its supply system, including the ability to control flows received from the Licensee. Licensees must co-operate with DCC in its role as supply system operator. Licensees must also behave in a responsible manner that does not put at risk DCC's ability to manage the supply system
- DCC will set the terms and conditions of supply system access based on technical evaluation
- DCC will decide all applications without undue discrimination and without compromising the safety and effectiveness of the supply system
- Licensees will not become owners of any part of the supply system, even where the Licensee has contributed to the construction, upgrade or improvement of the supply system
- DCC will retain primary responsibility for managing emergency procedures relating to all of its supply system and the Licensee will be expected to cooperate with DCC in the event of an emergency or security issues affecting the supply system
- DCC operates its system over a number of distinct and separate water supply zones. Inputs of water will only be allowed where the supply is to the water supply zone where the supply system has a physical link between the combined Licensee's introduction and its customer's premises;
- Inflows must be measured for quality and pressure. Inflows and outflows must be metered
- The use of the supply system should be at no detriment to any of the customers of the supply system and should not have an adverse impact on water quality, the environment or the community. This includes compliance with statutory parameters, DCC's own standards and aesthetic issues such as taste, odour and hardness
- The supply to the Licensee's customers will normally be subject to the same conditions in terms of interruptions, pressure and other conditions as is the supply to DCC's customers
- DCC shall provide water to the Licensee that is consistent with the quality in the local area in which the Licensee's customers are connected
- As allowed in the legislation and guidance DCC will facilitate supply system access and use, with full costs and a reasonable return recovered equitably from all Licensees

Customer Related

- There must be no deterioration in quality of service to any DCC customer;
- The Licensee will be responsible for the management of issues raised by the Consumer Council for Water which relate to elements of the customer's service which the Licensee is providing;

- The responsibility for all elements of wastewater service provision remains with DCC where the customer is connected to the DCC sewerage system
- Legal/Contractual

- All Licensees will be treated fairly;
- The Licensee will be required to sign a “Confidentiality Agreement” at the outset of negotiations;
- The Licensee shall, subject to reasonable conditions stipulated by DCC, be able to define the duration of the access agreement or wholesale agreement. The agreed contract duration shall be stated in the appropriate contractual document;
- Entry is subject to contract. The Licensee will be obliged to sign an access agreement. The access agreement will embody the principles of this access code, but in the event of a conflict, the wording of the access agreement will take precedence.
- Under no circumstances will the Licensee be entitled to assign the access agreement to another party without DCC’s agreement.

Cost/Charging

- Prices are calculated in accordance with the principles set out by Ofwat in its letter dated 18 August 2014, “The costs principle and access pricing – companies operating wholly or mainly in Wales”.
- Connection and supply system modification charges will be based on actual costs incurred plus a reasonable return.

Where access to DCC’s supply system is granted DCC and the Licensee will enter into an access agreement setting out the terms and conditions, including the access price, for access to the network. The terms and conditions of any access agreement with DCC will reflect the provisions of this access code, including any specific local issues.

Section 66D(7) and (8) of WIA 1991 gives Ofwat power to require the modification or termination of any access agreement which appears to Ofwat not to have been made in accordance with Ofwat’s guidance on access codes, or if the charges are not fixed in accordance with the costs principle.

1.2 Role of key industry players

1.2.1 Water undertaker

DCC is the appointed water undertaker for an area covering most of Wales and some adjoining areas of England (including parts of Herefordshire and Deeside). DCC is responsible for the public water supply network in this area. Chapter 2A of Part III WIA 1991 places duties and obligations on water undertakers subject to certain conditions. DCC is obliged to provide the following services subject to the conditions detailed below:

- i) Primary undertaker**
- a) Wholesale water supply**

Where a Licensee requests DCC to provide a supply of water under section 66A WIA 1991, and the premises are within DCC's area, DCC has a duty to take steps necessary to enable provision of the supply, and having taken those steps to provide the supply.

b) Introduction of water into water undertaker's supply system

Where a water supply Licensee requests DCC's permission to introduce water into DCC's supply system, under section 66B WIA 1991, and in line with the requirements of the retail authorisation aspects of the combined licence, DCC has a duty to take steps to enable the Licensee to make the introduction of water into the supply system and having taken such steps, to permit the introduction of water into its supply system, as requested.

Where a water supply Licensee requests DCC to permit the introduction of water, as supplied by a neighbouring secondary water undertaker, into DCC's supply system for the purposes of supplying the water supply Licensee's customers within DCC's area, DCC has a duty to take steps to enable the Licensee to make the introduction of the water into its system. This is in accordance with section 66C WIA 1991. These steps may include connecting DCC's supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, DCC has a duty to permit the introduction of water into its supply system, as requested. Where appropriate, the Licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access.

The terms and conditions on which DCC carries out these duties are agreed with the Licensee in accordance with any access code guidance published by Ofwat.

ii) Secondary water undertaker

Where a combined Licensee requests DCC to provide a supply of water to enable it to supply its customers' premises by using a neighbouring primary water undertaker's supply system, under section 66C WIA 1991 and in accordance with its restricted retail authorisation, DCC has a duty to take steps to enable the provision of the supply, and having taken those steps to provide that supply.

The terms and conditions on which DCC carries out these duties in its capacity as a primary or secondary undertaker are agreed with the Licensee in accordance with Ofwat's access code guidance. The introduction by a Licensee into DCC's water supply system, of a supply obtained from a secondary undertaker involves two transactions, governed by separate agreements:

1. the secondary undertaker sells water to the Licensee;
2. the Licensee introduces that water into the primary water undertaker's water supply system.

Where appropriate, the Licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access.

Licensees shall identify and communicate at the earliest stages if a secondary undertaker is likely to be included within an application. This will enable potential secondary undertakers to consult at the earliest opportunity with relevant parties including the primary undertaker, NRW/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 DCC is identified as a secondary undertaker within an access application, DCC expects to be involved as necessary in discussions with the Licensee and the primary undertaker. DCC expects to receive copies of relevant details during the initial and detailed application stages for comment and to be able to request further details as necessary.

iii) Conditions under which duties do not apply

Section 66A WIA 1991 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 DCC would:

- require DCC to incur unreasonable expenditure in carrying out works, in order to meet all its existing obligations to supply water for domestic or other purposes, together with its probable future obligations to supply water to buildings or parts of buildings for domestic purposes; or
- otherwise put at risk DCC's ability to meet any of those existing or probable obligations.

The third condition is that there is a contravention, as determined in regulations made under section 74 WIA 1991 and related to section 66A(6) WIA 1991, 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 WIA 1991, a primary undertaker has no duty to permit the introduction of water by a combined Licensee into its supply system, and under section 66C WIA 1991 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 DCC, in order to meet all its existing obligations to supply water for domestic or other purposes, together with its probable future obligations to supply buildings and parts of buildings with water for domestic purposes, to incur unreasonable expenditure in carrying out works; or
- would otherwise put at risk its ability to meet any of those existing or probable future obligations.

The second condition is that there is a contravention of the prescribed requirements of regulations made under section 74 WIA 1991 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.

1.2.2 Licensee

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 WIA 1991 prohibits unauthorised use of a water undertaker's supply system for the purpose of supplying water to a customer's premises. Under section 66I (3) WIA 1991, 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 DCC's supply system.

Section 66J WIA 1991 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 WIA 1991, 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 DCC's supply system.

Licensees share responsibility with DCC for compliance with the Water Quality Regulations for the water they input in the supply system and for the wholesale supply of water to the customer's tap.

Licensees have a duty to comply with the eligibility requirements as specified in section 17A(3) WIA 1991 relating to non-household premises, the threshold requirement, and supply by only one Licensee.

1.2.3 Ofwat

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

Ofwat is required to publish guidance on the operation of the WSL regime.

Ofwat is responsible for granting water supply licences for wholesale and combined services. In doing so, Ofwat will assess whether the applicant has the appropriate skills and competencies required.

Ofwat also has powers to determine disputes about the eligibility of premises, the terms and conditions of proposed access agreements and the conditions for refusing supplies. Further information is available on Ofwat's website under Water Supply Licensing: www.ofwat.gov.uk

1.2.4 Drinking Water Inspectorate (DWI)

The Drinking Water Inspectorate is the regulator for drinking water quality in England and Wales.

DWI has an important role in the Licence application assessment process and needs to be satisfied that the Licensee is aware of, and understands the prevailing regulatory requirements and responsibilities of Licensees in relation to 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 any treatment works is being operated in a competent manner.

During access negotiations DWI will advise Ofwat as necessary on drinking water quality issues relating to the use of common carriage, particularly in respect of dispute resolution.

Overall, Licensees will be subject to the same level of regulation as undertakers. Further information can be found in the stakeholders section of the DWI's website at <http://www.dwi.gov.uk/>.

1.2.5 Natural Resources Wales (NRW)/Environment Agency (EA)

NRW has a duty to secure the proper use of water resources in Wales (the EA has equivalent responsibilities in relation to England). Each agency monitors water in the environment and issues 'abstraction licences' to regulate who can take water from the environment and how much they can take.

Water undertakers produce Drought Plans, which identify how, during a period of drought, they will continue to meet their duties with as little recourse as possible to drought orders or drought permits. NRW reviews these plans and advises the Welsh Government on their adequacy.

Water undertakers also produce Water Resources Management Plans every 5 years; which identify available resources, forecast demand and set out how future deficits may be addressed through either resource development or demand management options. EA and/or NRW also review these plans and advise the Welsh Government on their adequacy.

There is a duty on water supply Licensees to provide information to water undertakers for both Drought Plans and Water Resources Management Plans.

In most cases, combined water supply licence applicants will require a water abstraction licence from the EA or NRW 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 WIA 1991) are meant to encourage use of 'spare water', but the undertaker and the Licensee may not be able to agree on how much water the undertaker has 'spare'. In the absence of agreement, Ofwat may be asked to determine whether a supply under section 66C should be made, and if so the terms of that supply.

In these instances, the EA and NRW 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) WIA 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the websites of the EA and NRW:

<http://www.environment-agency.gov.uk/>

<http://naturalresources.wales>

1.2.6 Department for the Environment, Food and Rural Affairs (DEFRA)

DEFRA is the government department responsible for WSL legislation applicable to water undertakers whose area is wholly or mainly in England.

The UK Government has enacted statutory instruments which govern the competition regime for water companies wholly or mainly in England, including the expansion of the competitive market for retail services to include all business customers of those companies. Where further changes occur in future which affect this access code, DCC will revise this access code to reflect any changes relevant to its supply area or customers.

Further information is available on DEFRA's website: <http://www.defra.gov.uk/>

1.2.7 Welsh Government

The Welsh Government ensures that DCC complies with EU and UK legislation by issuing statutory guidance. The Welsh Government also issues guidance to Ofwat on the drinking water and environmental quality programmes to be taken into account when setting price limits.

The Welsh Government's devolved powers include responsibilities in respect of Drought Plans and Water Resource Management Plans. The Welsh Government also provides guidance on water charging which must be taken account of by Ofwat in determining its own guidance to Licensees.

Further information is available on the website of the Welsh Government:

<http://gov.wales/topics/environmentcountryside/epq/waterflooding/?lang=en>

1.3 Definition of services

DCC will offer services to a Licensee for the purposes of supplying water to the Licensee's eligible customers, subject to terms and conditions agreed with the

Licensee in accordance with Ofwat's access code guidance. These services are defined in terms of DCC being either the primary undertaker (section 66A and 66B WIA 1991) or a secondary undertaker (section 66C WIA 1991).

1.3.1 Primary water undertaker

Wholesale water supply

DCC 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 WIA 1991 to the Licensee for supply to the Licensee's eligible customers.

Introduction of water into the supply system

DCC will take steps to enable the Licensee to make the introduction of water into the supply system, and having taken such steps permit the introduction of water into its supply system, in accordance with section 66B WIA 1991 for the purposes of supply to the Licensee's eligible customers.

DCC will take steps, and having taken such steps, permit the introduction of water, as supplied by a secondary undertaker, into its supply system, in accordance with section 66C WIA 1991, 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.

1.3.2 Secondary water undertaker

DCC will act as a secondary water undertaker or 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 WIA 1991. DCC will lay such pipes and construct such other works as are necessary to connect the supply with the pipes in the area of the primary undertaker.

2. Application for access to the primary water undertaker's supply system

When a Licensee requires access to DCC's water supply system for wholesale or combined services, DCC will follow the applicable procedures in this code. Applicants without a licence must apply to Ofwat for a licence before approaching DCC for services. This code sets out the requirements of Licensees and how DCC will assess applications. DCC will 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 (meaning any combined agreement, common contract or case specific contract schedule) has been executed and any conditions precedent have been fully met and satisfied.

2.1 Process requirements

2.1.1 Confidentiality agreements

Condition R of the Instruments of Appointment and Standard Licence Condition 2 impose an obligation on the water undertaker and Licensee not to use or disclose information inappropriately. Licensees and water undertakers must agree a pre-contract confidentiality agreement at the start of their negotiations and agree confidentiality terms in individual access agreements.

DCC's standard confidentiality agreement is set out in Appendix 1. This standard agreement will be the basis of any confidentiality agreement entered into with DCC. It will be adapted in circumstances where there are more than 2 parties e.g. a secondary undertaker is involved. It should be noted that water undertakers are subject to the Environmental Information Regulations 2004. The confidentiality agreement may not affect DCC's obligation to disclose information to third parties where otherwise required or to do so under those Regulations.

2.1.2 Information requirements

DCC will require the following information in order to progress an application for access to its supply system. The list that follows is not exhaustive as information requirements will change with the specific circumstances nor will all the information listed necessarily be requested in every case. The questionnaires at Appendix 3 are sample questionnaires and give an indication of the types of questions that DCC may ask of a Licensee. DCC reserves the right to seek additional information from Licensees.

3. Combined Supply

DCC will require a Licensee to demonstrate that it can operate to appropriate standards and that it has access to sufficient water to meet the requirements of the access agreement. Of paramount importance is the safeguarding of water quality to protect public health and the environment, compatibility with existing supplies and security of supply.

- Stage 1 – introduction
 - The type of licence held by the Licensee
 - The Licensee's contact details – details of the Licensee representative who is to be the point of contact with DCC, including the postal address, e-mail address, telephone and fax numbers
- Stage 2- initial application
 - Signed consent form from each customer, stating that the named customer has expressed an interest in the Licensee becoming its new supplier.
 - A waiver from the customer allowing DCC to disclose the customer's information to the Licensee (this should be no more than 2 months old)
 - The type of premises to be supplied and confirmation of eligibility
 - Details of the nature of the services required by the Licensee
- Stage 3 – detailed application
 - The location of each customer's premises

- Estimates of each customer's demand, including demand profile and an indication of diurnal and seasonal variations
- Expected start date for the supply
- Supply duration
- Forecasts of each customer's demand for the duration of the proposed contract or some other agreed duration
- The location of the points of entry and exit, and hydraulic requirements
- Supply and demand data – which might include average and peak deployable outputs of the Licensee's source, the supply pattern and variations in demand, details of any supply or demand management contingency arrangements for drought periods
- Water resource details – which might include the type of water resource being used, its reliability and any back-up mechanisms which may exist; a thorough risk assessment by the Licensee of any proposed source, i.e. an assessment of exposure to pollution incidents, vandalism and other risks; evidence of abstraction licence including any associated conditions
- Water quality assessments – which might include the predicted quality of water entering the system, history of contamination (where available) of the raw water source; the level of treatment proposed, with particular attention to disinfection practices and any additional treatment requirements such as plumbosolvency control and fluoridation, details of the Licensee's cryptosporidium testing process; the safeguards and procedures in the event of treatment failure; the water quality requirements of the potential customer; proposals for monitoring to ensure compliance with water quality regulations
- Evidence to demonstrate the Licensee's system for informing customers of emergencies

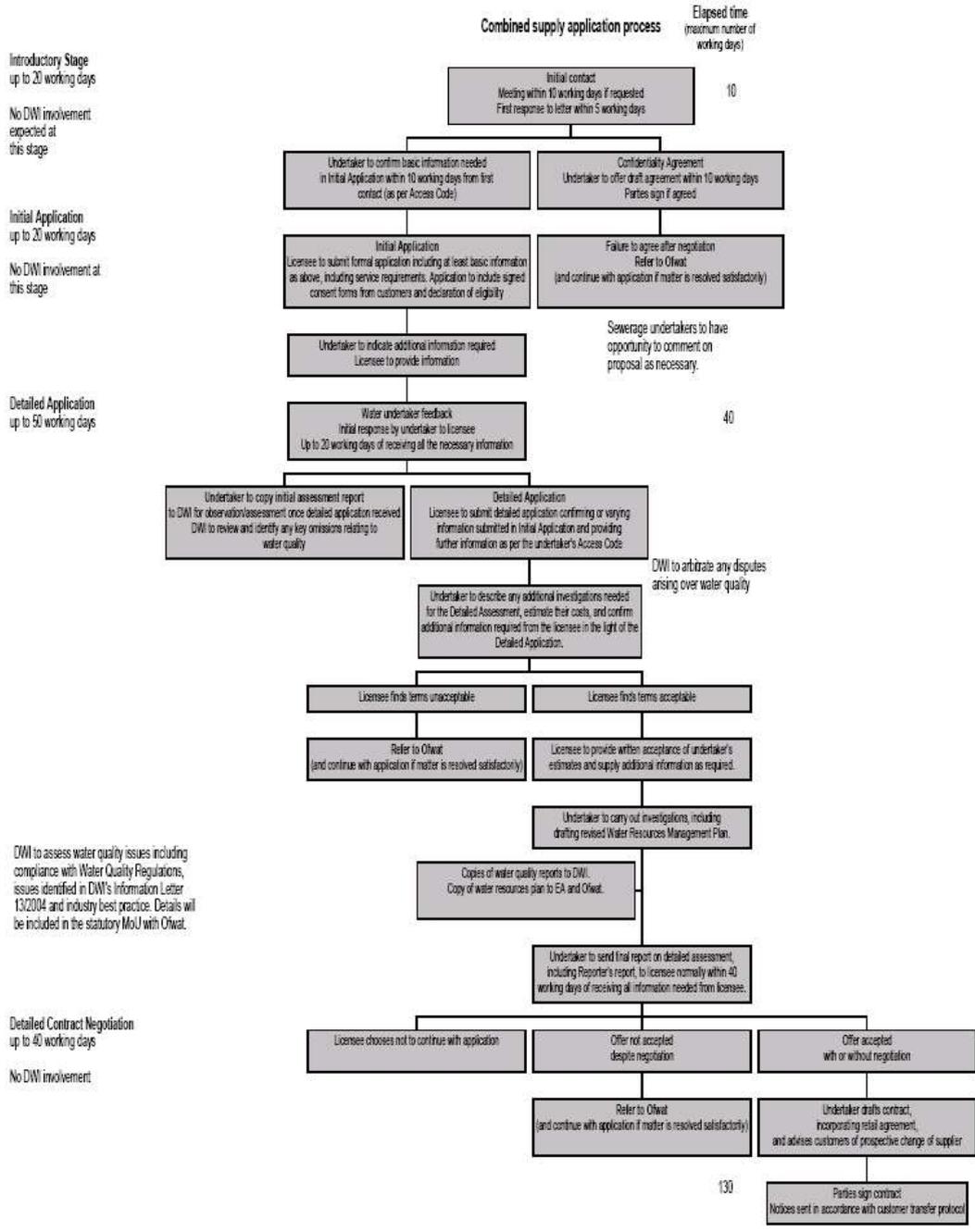
4. Wholesale supplies

For a wholesale supply under section 66A WIA1991 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.

5. Timescales

The target timescales involved in the application process are set out in the Ofwat Access Code Guidance and are reproduced below. Some applications may take longer where there are detailed investigations to be undertaken and third party involvement.

Combined supply application process



(Total timescale – up to a maximum 130 days)

2.1.3 Application fees

DCC does not charge an application fee for any part of the processes set out in this access code.

2.1.4 Credit provisions and credit limits

Credit and security arrangements will be as with DCC's customers or as may be appropriate in the circumstances.

2.2 Confirming eligibility

Section 17A (3) WIA 1991 sets out the following three requirements that must be satisfied in relation to each of the premises supplied by a Licensee:

- the customer's premises are not household premises;
- when the Licensee first enters into an undertaking with a customer to give the supply, the total quantity of water estimated to be supplied to the premises annually by the Licensee is not less than 50 megalitres (the 'threshold requirement'); and
- the premises are not being supplied by another Licensee (but may be supplied by a Licensee and one or more water undertakers).

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 WIA 1991 and may incur financial penalties under section 22A WIA 1991. Alternatively, a Licensee could face revocation of its licence in accordance with the Standard Conditions of Water Supply Licences.

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 Definition of eligible premises

Further information on the definition of an eligible premises for the purpose of section 66A WIA1991 is set out in Ofwat's Guidance on Eligibility (July 2016) <http://www.ofwat.gov.uk/publication/eligibility-guidance-whether-non-household-customers-england-wales-eligible-switch-retailer/> and supplemental guidance <http://www.ofwat.gov.uk/publication/supplementary-guidance-whether-non-household-customers-england-wales-eligible-switch-retailer/>.

2.2.3 Volume threshold

The threshold requirement applicable to DCC's supply area is that, at the time the Licensee first enters into an undertaking with a customer to supply the premises, the total quantity of water estimated to be supplied annually to the premises by the Licensee pursuant to the undertaking is not less than 50 megalitres. The threshold requirement relates to the amount of water that is supplied by the Licensee using one or more water undertakers' supply systems. The amount of water that a customer receives by means of private supplies does not count towards assessing whether the threshold requirement is satisfied.

2.2.4 Supply arrangements for Licensees

Section 17A WIA 1991 prohibits the supply of an eligible premises by more than one Licensee. However, a premises may be supplied by a single Licensee and one or more undertakers.

2.2.5 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) WIA 1991. 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 customers' premises and any water mains and other pipes used to convey non-potable water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works.

Section 17A (5) provides that the supplementary authorisation is an authorisation to the Licensee to introduce water into a water undertaker's supply system, by means of which any particular retail supply of water is to take place. In its access code guidance, Ofwat interprets this to mean that a physical link is required between the combined Licensee's introduction point and its customer's premises.

2.2.6 Customers in debt

Outstanding debt is defined in Condition S and Standard Licence Condition 6 as charges in relation to water supplied to the premises of a customer, which have remained unpaid for 30 days or more after the date that the old supplier has served notice on the customer demanding payment.

If there is outstanding debt and arrangements are not in place for the repayment of any outstanding water debt, an objection to the customer transfer can be raised by the old supplier in accordance with the Customer Transfer Protocol. To allow the transfer to continue, it may be possible to allow the debt to be assigned to the new supplier. Such arrangements would need to be agreed between the new supplier, the customer and the old supplier.

2.3 Application process

2.3.1 Combined supply arrangements

Combined supply arrangements will be case specific and will require a separate access agreement with specific terms for each individual access arrangement. The application process for combined supply arrangements takes account of the case specific nature of combined supply arrangements. The 4 stages of the process are set out below and at 2.1.3 in the process flowchart.

i) Stage 1: Initial contact

Initial contact allows a Licensee to express an interest in applying for an access agreement. The Licensee may wish to contact the water undertaker to discuss issues regarding their combined supply application. Initial contact with DCC should be made in writing to:

Wholesale Service Centre
Dŵr Cymru Welsh Water
PO Box 3164
Cardiff
CF30 0FF
Email: wholesaleservicecentre@dwcymru.com

The Licensee will satisfy DCC's information requirements as set out in 2.1.2 of this access code. Water undertakers and Licensees should only proceed to the next stage of negotiations once the relevant parties have signed a confidentiality agreement.

ii) Stage 2: Initial application

Appendix 3 sets out an example of an initial application form for a combined supply arrangement. This is typical of the information DCC will expect from a Licensee at Stage 2. The application should include a signed consent form from each customer, confirming that it has expressed an interest in the Licensee becoming its new supplier. The consent forms must contain a waiver by the customer of any restrictions on disclosure by DCC to the Licensee of information held by it which it is necessary to disclose to the Licensee for the purposes of the proposed new supply arrangements. DCC will then need to know the type of premises to be supplied. A signed declaration from the Licensee that it believes the premises are eligible would also be useful. If a successful application is subsequently made to DCC the onus is on the Licensee to monitor and ensure that any premises it supplies are eligible. The Licensee should also make an outline application to the appropriate water undertaker for a combined supply. This should include the details specified in the basic information requirements as agreed at the initial contact stage.

The Licensee should set out in detail what it will require from DCC in order to provide its specified level of service to its customers. DCC will agree with the Licensee how frequently, and in how much detail such operational information is to be provided. DCC will give a preliminary indication of consequential modifications that are likely to be required to the network. Any additional cost arising will be case specific and a charge in addition to any fixed fee. DCC will provide feedback on the properly completed initial application and specify any further information required in order to assess the initial application. The feedback will include preliminary price and non-price terms. The price and non-price terms given at this time shall not be binding.

iii) Stage 3: Detailed application

Appendix 3 contains a sample of a detailed questionnaire, which will be provided at this stage. DCC will meet the Licensee at this stage to clarify any issues arising from the initial feedback and to see what information is required in the specific detailed application, as set out in this access code.

DCC will then carry out any feasibility studies and testing required to determine proposed terms for access.

It is the Licensee's responsibility to inform DCC of any changes to the information details or any further information that becomes available. DCC reserves the right to commence further investigation and to change the price or non-price terms if the information supplied previously changes. An estimate of the cost of these additional investigations will be provided to the Licensee at this time.

The scope and charges for any feasibility studies or tests will be agreed with the Licensee before any such studies or tests are started.

DCC will make an offer of access (price and non-price terms) in writing to the Licensee, normally within ten working days, after the necessary investigations have been conducted and the results reported as satisfactory, including confirming the feasibility of the Licensee's proposals (with any necessary modifications). The period the offer is open for will be specified at the time of making the offer and the offer will be subject to the completion of an access agreement.

DCC will aim to complete an assessment of the application for a combined supply within 50 working days of receiving the required information from the Licensee and other parties, such as DWI and NRW or the EA.

iv) Stage 4: Detailed contract negotiation

The terms offered in stage 3 are open for discussion between the parties for up to 15 working days of the offer being made. Where a change is requested, DCC will draft a new access agreement to include the new terms offered. DCC will advise the Licensee's customer of the intended change of supplier and expected transfer date once there is a final acceptance of a firm offer.

If the Licensee accepts the terms DCC will send the Licensee a signed agreement in duplicate, normally within 10 working days of acceptance. The Licensee should sign the agreements and return one signed copy normally within 10 working days of receipt.

If, despite negotiations, the parties are unable to agree the period, terms and conditions, the Licensee may refer the matter to Ofwat for determination.

2.3.2 Objections and rejection process

Water undertakers, Licensees (in the case of a customer transferring from one Licensee to another), DWI, secondary water undertakers and other relevant parties may discover during any stage of the application process that an application cannot be progressed. As well as statutory conditions in sections 66B-66C WIA 1991, the following list gives examples of the types of objection that might arise during the application process. This is not intended to be an exhaustive list:

- The incoming supplier has provided insufficient or incorrect details to the relevant parties to allow the customer to transfer.
- Refusal by the Licensee to provide necessary information.
- The water undertaker or earlier Licensee considers that the customer's premises are not eligible (the Licensee should declare eligibility at the initial application stage).
- An application by another Licensee to supply the customer has been accepted.
- The Licensee's proposals are impracticable, for example unfeasible hydraulic conditions.
- Unacceptable water quality implications.
- Concerns over source risk assessment.
- National security reasons.

The Customer Transfer Protocol ("CTP") also details customer transfer objections that may arise.

The party making the objection should give the applicant full reasons for the objection in writing, as soon as possible after that party becomes aware of a problem. DCC will accommodate reasonable requests for a meeting to discuss the objections and to negotiate solutions to enable the application to progress.

The Licensee may request details of any outstanding debt owed by customers in relation to the premises named in the application. Arrangements for the repayment of any outstanding water debt must be made before the final change of supplier takes place under the CTP. If a customer has outstanding debt and no arrangement has been made for its repayment or the assignment of the debt to the incoming supplier, DCC will raise an objection as part of the CTP.

The Licensee may refer the points in dispute to Ofwat for a determination where agreement cannot be reached.

2.3.3 Application process - arbitration and disputes resolution

Where Ofwat is asked to determine an objection to an access application it will follow the procedure set out in 'Procedure for handling water supply licensing determinations'.

2.4 Access criteria

2.4.1 Water quality input specification

- i) Quality parameters

DCC will specify the water quality requirement that it will require to be met for access to its supply system. In principle the Licensee should input water to a standard required so that the water received by DCC customers meets the higher of the requirements of the Water Supply (Water Quality) Regulations 2010 (Wales) and Water Supply (Water Quality) (Amendment) Regulations 2016 (Wales) (the "Regulations") and/or the level of

service DCC customers received prior to any input of water by the Licensee. The access agreement, which the Licensee will be required to comply with will set out all the operational requirements necessary to ensure performance of the system in terms of reliability, volume, quality, risk etc. is maintained to the required standard.

However, DCC will have its own quality parameters that any party accessing its supply system will be required to meet. The parameters DCC specifies for any Licensee's input will vary according to access point and when full details of the access point have been provided will be confirmed to the Licensee. Account will need to be taken of blending and mixing effects and will be subject to variation at the request of DCC. Modelling techniques will be used to support the assessment where appropriate.

ii) Special circumstances relating to water quality standards

Licensees operating in Wales will be required to comply with the Regulations. A Licensee applying to DCC will also be required to meet the sometimes higher standards that DCC sets itself. These standards must not be compromised. Specific requirements in order to maintain water quality standards may need to be met depending on, for example, the access point. These will be dealt with on a case-by-case basis.

The Licensee will be required to provide DCC with detailed analytical data in respect of its water source. DCC will evaluate the likely impact of the Licensee's access of the supply system and any likely effect of a mix of water. DCC will consider whether any input of the Licensee's source will affect factors such as taste for DCC customers on the supply system. Any impact on DCC's water supply will be taken into consideration when DCC assess a Licensee's application.

The Licensee will be required to provide DCC with evidence of its contingency plans and risk methodology to demonstrate the mechanisms in place for managing water quality events or emergency situations. This will need to include notification procedures to DCC, communication to customers, provision of alternative supplies and evidence of ability and due process to return supplies to normal. DCC will also require the Licensee to specify the process to be used for addressing quality problems, whether as interim measures or longer term, arising from changes in raw or final water quality due to unforeseen circumstances.

Any access agreement with a Licensee will specify among other matters:

- when and in what manner a Licensee will inform DCC of any changes in water quality;
- when the Licensee must turn off the water supply or take such operational steps as may be necessary to protect the integrity of the supply system; and
- when DCC may exercise its right to turn off the water supply.

2.4.2 Water flow and pressure

The pressure in DCC's supply system must be maintained at the appropriate levels to ensure all customers receive water pressure above the prescribed minimum standard of service. At some points it may be necessary to reduce water pressure as an aid to reducing leakage. In order to maintain the water flow and pressure in its system DCC will need to understand from the Licensee:

- the demands of the Licensee's customer. For instance, if there are going to be surges on the supply system due to the customer's demand then storage facilities may be necessary in order to dampen any surge. The Licensee must provide information to DCC as to how customer demand patterns will be regulated. As part of the application process models of demand impact will be run on the system. Where there are no existing models, new models may need to be built at the expense of the Licensee.
- if the Licensee is providing water from its own source the Licensee must inform DCC as to whether the water will be input into the DCC supply system by pump or gravity feed. Details of the pumping regimes, anticipated pressure and flow will be required and modelling to understand impact on the existing supply system may be necessary as above.

Pressure will be an important determining factor as to the appropriate point for access to the supply system. There may also be the need for a Pressure Reducing Valve (PRV) to be fitted to vary the pressure with demand. Monitoring of PRVs will also be essential. An operational protocol will be put in place between the parties. The operational protocol will contain the requirements governing the level and profile of the inputs from the Licensee's treatment works. It will govern the measurement of output to the Licensee's customer, network balancing and the control required by DCC as network operator.

Flowmeters will be used to record flow at the specific site (See also 4.2.1 of this Code.)

The standard levels of service for low pressure and supply interruptions must not be compromised. See further DCC's publication "Our Commitment to You".

2.4.3 Water quality sampling and monitoring

DCC will specify the water quality monitoring regime required. Licensees operating in Wales will be required to comply with the Regulations. DCC complies with the Regulations by undertaking sampling and monitoring.

DCC will specify the water quality monitoring regime in the access agreement. This will include any audit requirements. At a minimum the Licensee will be required to monitor water quality in accordance with the above regulatory requirement. DCC may specify additional monitoring requirements to suit specific circumstances. The access agreement will confirm the process for transfer of water quality data and the provision of telemetry data from a Licensee's water treatment works.

Full telemetry systems may be required to be put in place that allow real time monitoring of key performance data. Details will be set out in the access agreement. As a minimum this would be expected to include flow, pressure, and key water quality parameters and residual disinfectant levels (e.g. chlorine). These requirements will be specified in the access agreement. Telemetry must allow for remote operation of the third party supply of water. For network operational reasons, DCC may be required to implement a fail-safe shutdown. Similarly, if there are network failures that require supplies to be shut down such as might occur as a result of a major burst, then DCC as network operator will be authorised to control the third party supply. This would include reducing the supply below the normally agreed level of supply or full shutting off of the supply where that was required.

There must be no prejudice or compromise to the DCC supply system and water quality. The Licensee must inform DCC immediately of any failure or abnormality in treatment process; the access agreement will:

- specify circumstances when Licensee must inform DCC immediately of water quality problems (by reference to parameters);
- specify circumstances when the Licensee must turn-off its supply immediately (by reference to parameters); and
- provide DCC with the right to turn off the Licensee's supply in defined circumstances.

DCC will remain responsible for the sampling and monitoring of water quality in its water quality zones. Any additional sampling or monitoring required due to the Licensee's source input will be reflected in the access price.

2.4.4 Volume measurement

Meters are necessary to measure volume at certain points of the supply system at the abstraction point, going into or out of treatment works, at points in the treatment works, inlets and outlets to service reservoirs, and branches off the supply system. It is essential that there is a meter on the pipe connecting a Licensee's source to the DCC supply system in order that DCC can understand how the introduction of water from the source affects its system. A meter must also be present at the point of connection with the customer, to measure and understand their usage, whether or not the supply is wholesale or combined.

3. Customer Transfer Protocol (CTP)

For the competitive market to function effectively, a clear, simple and standardised transfer process is needed to ensure that customers can easily change supplier in an effective manner. The CTP relates to the process, procedures and associated data required to successfully transfer a customer's eligible premises from one supplier to another.

For detailed information refer to the Ofwat Customer Transfer Protocol (CTP) available on Ofwat's website <http://www.ofwat.gov.uk>

3.1 Principles

Standard licence condition (SLC) 6 and Appointment Condition S require Licensees and water undertakers, respectively, to comply with Ofwat's CTP. Relevant sections of WIA 1991, condition of appointment R and SLC 4 also place a duty on Licensees and water undertakers to exchange certain information.

Ofwat has developed the CTP with the assistance of customer representatives, potential Licensees and water undertakers. The CTP provides a clear, simple and standardised process for the timely and efficient transfer of customers between:

- a) any water undertaker and any Licensee; and
- b) any two Licensees.

3.2 Rules of Behaviour

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

3.3 Data Transfer

This section defines the data that needs to be maintained in order to support the process and clarify the responsibility for ownership and maintenance of the data. This section should detail the agreed method of transferring and communicating the data that needs to be exchanged between the relevant parties.

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 water undertakers must comply with those requirements.

All Licensees and water undertakers must give details of the name and contact details (which must include an 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.

For DCC these are:

Contact name: Wholesale Service Manager

Company details: Dwr Cymru Welsh Water

Email: wholesaleservicecentre@dwrwymru.com

Tel: 0800 260 5053

3.4 Registration and Operational Processes

This includes clarification of the registration and operational processes to be used.

All water undertakers and Licensees must follow the operational processes in the CTP for effective customer transfer and the resolution of disputes on transfer.

4. Control and balancing of supply system

4.1 Supply system management

DCC is solely responsible for the operation and maintenance of its supply system. Any access arrangement with a Licensee shall ensure that DCC's standards are not compromised.

4.1.1 Unbilled water

i) Leakage

DCC is committed to reducing leakage to levels which are appropriate within its area of operation and reflect a balance of economic, social welfare and environmental conditions. These levels of leakage will be reviewed on a regular basis to take account of changing supply and demand circumstances.

The Licensee shall input water to DCC's supply system to the amount required by the Licensee's customer, such amount shall not take into account any leakage on the DCC supply system. Any leakage on the DCC supply system is the responsibility of DCC and any leakage on the Licensee's pipework is the Licensee's responsibility. Any leakage on the customer's pipework is the responsibility of the customer.

ii) Unauthorised use of water

DCC will not tolerate any unauthorised use of water. If illegal connections are made to the DCC supply system DCC will disconnect the unauthorised connection and may take legal action against the party concerned.

If an unauthorised connection is made to the system of the Licensee or their customer DCC expects that the Licensee will take action to have the unauthorised connection disconnected.

iii) Fire water

DCC is responsible for the provision of water for fire fighting purposes. DCC will not charge Licensees for water used for the purpose of fire fighting (including the testing of appliances). If a customer of a Licensee makes a request for a fire hydrant near its premises under section 58 WIA 1991 these will be dealt with in accordance with this section and the cost will be recoverable in accordance with section 147 WIA 1991.

4.1.2 Drought and Water Resource plans

DCC remains solely responsible for preparing and maintaining its drought and water resources management plans. Under sections 37C and 39C WIA 1991, a Licensee is under a duty to provide a water undertaker with such information as required for the purposes of preparing or revising its drought and water resources management plan. To comply with its licence conditions and legislation a Licensee must co-operate with DCC in its duties to produce such plans. As part of their detailed applications (stage 3), Licensees must provide a thorough outage risk assessment of any proposed source and the criteria by which any risks are assessed, such as an assessment of exposure to pollution incidents, vandalism and other risks.

i) Drought plans

DCC as the water undertaker retains responsibility for drought planning and the ability to apply for drought permits and orders. Additionally DCC would retain all responsibility with respect to implementing hosepipe bans and restrictions under non-essential use. However, DCC and the Licensee will discuss whether their customers within the same class of customer will be subject to the same risk of interruptions to supply. Standard Licence Condition 4 (Emergencies and drought) requires the Licensee to comply with reasonable instructions from a water undertaker in relation to matters specified in statutory drought plans which are not the subject of a drought order or drought permit for a number of specified purposes.

In relation to any information DCC requires, this will follow the requirements upon it from the EA and NRW as set out in the Water Company Drought Plans Guidelines.

Licensees are also required to comply with any instructions given to it during any emergency, for the same specified purposes. Licensees should notify DCC promptly of any changes to their demand and resources plans.

In Licensees' negotiations with their customers and subsequently with DCC, reliability and drought protection required should be discussed, and it should be clear to the customer how they would be treated in such circumstances compared with other water customers in the locality.

ii) Resource planning

The abstraction licensing process for a new source includes the requirements for providing information to the EA or NRW on the environmental impact of the proposed abstraction and on the prospective water demand (as part of the test of 'reasonable requirement') under the licence.

Risk assessment of water resource reliability is also important. In order for DCC to fulfil its statutory duty in relation to the preparation of water resource plans, Licensees must comply with all reasonable requests for information from DCC. DCC expects Licensees to provide the same information as is required from DCC in assessing its own resources. The information requirements are as set out in the EA/NRW document Water Resource Planning Guidelines. Licensees must comply with reasonable requests for information that are necessary for the water undertaker to fulfil its statutory duty to supply. The information required should be similar to that used by water undertakers in assessing their own resources.

Any Licensee should notify DCC promptly of any changes to their demand and resources plans. Licensees' negotiations with their customers, and subsequently with DCC as part of the access application, should cover the degree of resource reliability and drought protection required.

4.1.3 Telemetry requirements for supply system control

Full telemetry systems may be required allowing for real time monitoring of key performance data. As a minimum this would be expected to include flow, pressure, and key water quality parameters will also be required e.g. chlorine residual levels. The Licensee's system must be compatible with the DCC Regional Telemetry System. DCC should be able to independently interrogate the Licensee's system.

Telemetry must allow for remote operation of the third party supply of water.

4.1.4 Secondary connections

The only connections allowed will be those specified in the access agreement. Any subsequent connections must not take place unless DCC and the Licensee have agreed an appropriate written amendment to the access agreement. DCC does not allow any unauthorised connections to or work on its apparatus. Further, no additional premises or buildings should be added to the supply without DCC's full knowledge. Any additional connections observed by DCC's operators will be reported to DCC. Should we become aware that a Licensee has made a secondary connection without first obtaining approval to do so, we shall 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

Relevant maps and plans will be shared, at the detailed application stage (subject to reasonable conditions as to security and copyright if these are documents which would not be publicly available). Under WIA 1991 the Licensee will be able to view maps free of charge at DCC's offices. Information from supply system modelling will also be shared between DCC and the Licensee. Operational practices such as regular flushing programmes will need to be agreed. DCC will highlight to the Licensee known areas at risk of discolouration incidents owing to flow or pressure fluctuations during routine and non-routine use of the system.

4.1.6 Point of entry controls and failure modes

In case of water quality going outside of agreed quality bands DCC may be required to fail-safe shutdown automatically to protect water quality to the customers served by the supply system. The Licensee's system must also include an auto-shutdown facility.

Access to and adequacy of sampling points and interface requirements will be dealt with on a case by case basis.

The Licensee must inform DCC immediately of any failure or abnormality in treatment process.

The access agreement will provide specific details on such issues as the circumstances when a Licensee must inform DCC immediately of water quality problems, when an immediate turn-off of the Licensee's supply must take place. Any failures by the Licensee which result in a failure by DCC to meet appropriate standards will be the subject of sanctions under the terms of the access agreement.

Compliance with water fittings legislation

DCC shall retain responsibility for all inspection and enforcement activity in respect of the Licensee's customers' compliance with the appropriate water fittings regulations and associated legislation. This shall ensure, as far as is reasonably practicable that DCC's water supply system is protected from any event or incident occurring within the Licensee's customers' premises.

4.2 Metering services

4.2.1 Meter asset management

i) Metering solutions available

The design of the Licensee meters and the meter associated layout has to be approved by and meet the requirements of DCC.

ii) Meter installations

Installation of meters is carried out by a DCC partner under contract. The terms of the contract determine the charge for the meter installation. Once confidentiality terms have been agreed with the licensed water supplier the price of installation based on the DCC metering contract will be agreed between the parties.

iii) Meter maintenance

Maintenance of DCC meters is carried out under contract by a DCC partner. The terms of the contract determine the charge for any maintenance. Charges will vary depending on the scale of work required. In some circumstances, for example often with customer meters, instead of maintenance or repair being carried out, the meter will be renewed if this is the most cost effective solution.

4.2.2 Meter Calibration and verification

DCC and any licensed water supplier will be responsible for the calibration and verification of their own apparatus. If calibration cannot be carried out in situ, DCC may

renew the meter and if necessary send it for testing. DCC will carry out this work on behalf of the licensed water supplier if so requested, but any such work will be reflected in the price charged to the licensed water supplier.

Any contract between the parties will include mutual audit provisions.

4.2.3 Meter reading and meter reading verification

DCC and any licensed water supplier will be responsible for the reading and reading verification of their own apparatus. DCC will carry out meter reading on behalf of the licensed water supplier if so requested, but any such work will be reflected in the price charged by DCC for access to its supply system.

The access agreement will include provision for audit of the parties by each other and how disputed meter reads will be dealt with.

If the Licensee is of the opinion that the amount shown on the register of the meter or meters is inaccurate, it may give DCC notice requiring such equipment or any part thereof to be tested. The expenses of any such test shall be met by DCC, if the equipment is found to be inaccurate by more than a percentage to be agreed and set out in the access agreement. The expenses of any such test shall be met by the Licensee if the equipment is found to be inaccurate by less than the percentage set out in the access agreement.

If the equipment fails or is found to be inaccurate by more than the said percentage in accordance with a test carried out under the above paragraph, the quantity of water supplied by DCC shall be taken to be such as DCC and the Licensee shall agree or in default of such agreement shall be dealt with in accordance with the dispute resolution provisions in the access agreement. The volume of water to be taken into account for the purposes of calculation of the volume charge shall be that revised volume of water so determined.

4.3 Supply system balancing

4.3.1 Strategic balancing

A full assessment of the Licensee's application will include assessment of the implications of any new source introduced to our system on our strategic transfers and pressure management. The requirements will be case specific depending on for instance the type of source or the point of entry.

i) Annual supply planning

Licensees will be required to provide detailed information to DCC regarding its customer's projected demand and the sources projected output to allow DCC to assess its own resources and supply requirements. This will be undertaken on an annual basis. The Licensee shall also notify DCC of any changes.

ii) Use of strategic supplies

Sections 66G and 66H WIA 1991 allows Ofwat to determine whether one or more introductions of water into a water undertaker's supply system by a Licensee under section 66B or 66C WIA 1991 constitute a strategic supply or a collective strategic supply.

The trigger for whether an introduction of water can be designated as a strategic supply is contained in section 66G(10) WIA 1991. This provides that an introduction of water is strategic if, without the introduction being made, there is a substantial risk that the water undertaker would be unable to maintain supplies to its own customers as well as supplying the Licensee's customers with water for domestic purposes. The trigger for whether two or more introductions of water can be designated as a collective strategic supply is contained in section 66H(10) WIA 1991. Section 66H(10) WIA 1991 is in substantially identical terms to section 66G(10) WIA 1991.

Ofwat may make a determination if a water undertaker asks them to do so, or where Ofwat propose to make a determination that an introduction of water constitutes a strategic supply. Ofwat will also consider requests from customers and Licensees. If an introduction is designated as a strategic supply and it becomes inappropriate for the Licensee to continue to operate as a result of its conduct or the Licensee runs into financial difficulties, the Licensee will be subject to the special administration procedure in sections 23-26 WIA 1991. This means that the introduction that had been designated as a strategic supply would continue to be made into the water undertaker's supply system.

To provide certainty in the market, prices agreed between Licensees and water undertakers in access agreements will remain fixed for the duration of the access agreement, rather than changing in response to subsequent designations or cancellations of introductions as strategic. The water undertaker may offer a price dependent on a supply being designated.

iii) Back-up supplies

DCC will continue to be subject to its various supply duties under the WIA 1991 pursuant to which it is willing to enter into whatever supply arrangements are sought on appropriate terms. The provision of back-up supplies is an optional service and the terms and price will be subject to agreement between DCC and the Licensee.

iv) Interim duty to supply

The statutory provisions as to interim supply are set out in section 63AC of the WIA 1991. This is a duty on the water undertaker where the Licensee ceases to supply a customer. The water undertaker has a duty to supply the customer for a minimum period of three months. The duty is qualified in that there is no obligation to provide a supply where this would put at risk our ability to provide a supply of water then or in the future.

DCC will set out in its access agreement circumstances in which it will cease to supply the Licensee. If supply is terminated for these reasons there will be no interim duty to provide water to the Licensee's customer. Such circumstances will include, but not be limited to non-payment of water charges, detrimental effect to the water quality or flow of the supply system.

v) Interruptible customers and interruptions to supply

DCC does not have an interruptible tariff.

4.3.2 Flow balancing and reconciliation processes

In general DCC will require that the Licensee inputs water into a service reservoir or into the network at an appropriate location to maintain the integrity of the water quality.

i) Supply system usage forecast for combined supplies

DCC produces internal resource plans and formal water resource plans are produced every 5 years as required by NRW/the EA.

The Licensee will be required to supply information for both the internal plans and the formal Water Resources Plan as to their water source and the usage and likely demand of their customer.

ii) Imbalance accounting

Day-to-day operation of the intake from the Licensee's supply will be the responsibility of DCC, in order to preserve the integrity of real time network and quality management. DCC will be responsible for balancing the aggregate demands on the network. To this end, the Licensee will furnish DCC with information on the estimated demands of its customers in a manner and at a frequency to be specified in the access agreement.

Terms in the access agreement will provide for how any over or under supply of water will be addressed. The supply system remains the responsibility of DCC. DCC is responsible for the balancing of its supply system. Where a Licensee is inputting water how that balance is achieved will be affected by which party is responsible for the water entering the system (whether the system in the specific area is operated by "push" or "pull"). This will in turn have a significant bearing on how imbalancing can be accounted for in a case specific access agreement.

However, if the Licensee is responsible for the water entering the system (i.e the system is operated by push) DCC expects the Licensee to use reasonable endeavours to balance the input of water into DCC's supply system with the customer(s) demand over every 24-hour period. DCC and the Licensee will agree sensible upper and lower thresholds around the supply profile to account for normal variations in demand. Inputs from the Licensee will be addressed for compliance with contractual obligation as specified in the Access Agreement over the agreed balancing period with due account taken for any supply system related losses or events.

Where the Licensee fails to provide the volume of water required by the contractual obligation, DCC will notify the Licensee and DCC will levy the appropriate charges for water, which DCC has been required to supply to make up this shortfall. These charges are termed 'top up supplied' and they will be charged at the applicable published standard tariff. Where the Licensee inputs a higher volume of water than required by contractual obligations, DCC will request that the Licensee reduces its input to match the demand characteristics of its customer (and in line with contractual obligations).

The Licensee should only introduce water into the supply system sufficient to meet the expected demand of its customer taking no account of leakage.

iii) Reconciliation processes

DCC and the Licensee will agree and stipulate in the Access Agreement, 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). When data on consumption is incomplete on the day of reconciliation, DCC will default to the contractual values. When data does become available, DCC will make formal reconciliation of supply and demand.

DCC will reserve the right to restrict the Licensee's input to the supply system for operational reasons e.g. to maintain or repair the supply system. If such a restriction is applied on the Licensee's 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. The detailed process for applying balancing top-up supplies mechanisms will be agreed and specified in the Access Agreement.

iv) Peak season and off-peak reconciliation (where applicable)

There will be reconciliation if applicable and on a case-by-case basis.

5. Supply system maintenance and Emergency procedures

5.1 Diagnosis of system issues

5.1.1 Obligations with respect to diagnosis of supply system problems

i) Responsibility of water undertaker

DCC is responsible for the operation, maintenance and control of its supply system. DCC will monitor the supply system and is responsible for diagnosis of supply system problems.

ii) Responsibility of Licensee

The Licensee must co-operate with DCC in its operation, maintenance and control of its supply system. The Licensee must comply with DCC's monitoring requirements to ensure that the supply system is maintained efficiently and any problems diagnosed at an early stage. The Licensee must notify DCC of any actual or potential event which has or may impact on the DCC supply system.

5.1.2 Quality Issues

In general, water undertakers treat their water to a higher standard than specified in the Regulations to allow for variations in water quality in the distribution system and to ensure that the water is compliant at the point of supply. Combined Licensees must ensure that the water they introduce into the water undertaker's supply system is compatible with the water already in supply. This includes factors such as taste, odour, appearance and hardness. Reference should be made to the DWI's guidance on common carriage for information on compatibility. Licensees' water must also comply with the water undertaker's procedures for plumbosolvency control as appropriate. If the quality of water in distribution changes significantly after a scheme goes 'live', Licensees must change their inputs 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. The water undertaker should tell the Licensee during the application processes about known forthcoming changes to operational standards that might affect compatibility.

If DCC is required under section 87(1) WIA 1991 by a strategic health authority or the Welsh Government to fluoridate its potable water supplies then it will require the Licensee to fluoridate water introduced into DCC's supply system. The Licensee should obtain an indemnity (if needed) from the appropriate authority.

DCC will reserve the right to suspend, without prior notice, the introduction of water into its supply system if it has reasonable cause to suspect that continued introduction would put it at risk of supplying unwholesome water or at the risk of committing an offence under section 70 WIA 1991.

The Licensee is required to notify DCC immediately if there is a risk that continued introduction of its water may result in a breach of the standards at the point of supply. This is also required by the standard licence conditions.

DCC will have regard to DWI's guidance on common carriage and the maintenance of drinking water quality and any updates that DWI might produce.

DCC retains responsibility for the operation, maintenance and control of its supply system. To comply with the standard conditions of its Water Supply Licence, a Licensee must co-operate with the water undertaker in its role as supply system operator. A Licensee must carry out the activities authorised by its licence in a manner which does not actually or potentially jeopardise the proper, efficient and economical performance by any water undertaker of its functions, including the water undertaker's management of its supply system.

The Licensee should comply with DCC's monitoring requirements. The water quality-monitoring regime will be agreed and set out in the access agreement. Monitoring will meet regulatory requirements in force at the time and DCC may specify additional case specific requirements that will be set out in the access agreement.

5.1.3 Hydraulic issues

DCC is responsible for control of flow and pressure of the supply system.

5.1.4 'Real' time information capture systems

Full telemetry systems must be in place that allow real time monitoring of key performance data as a minimum this would include flow, pressure, hydraulic and quality issues. The telemetry outstation monitoring the asset must be compatible with DCC's Regional Telemetry System. These requirements will be specified in the access agreement.

5.1.5 Reporting procedures

The Licensee must inform DCC's 24 hour control room by telephone and fax immediately of any failure or abnormality. The access agreement will detail the specific circumstances when a Licensee must contact DCC and the follow-up procedure to the initial contact.

5.2 Planned system maintenance

5.2.1 Obligations with respect to planned maintenance

i) Responsibility of water undertaker

DCC remains responsible for the integrity of its supply system and as such the maintenance on the supply system is DCC's responsibility. As much as possible DCC will plan maintenance so as to cause minimum disruption to the Licensee. We will inform the Licensee within 48 hours of any planned work that may affect the Licensee's supply and the likely timescales of any planned work. Access agreements with

Licensees will set out exact arrangements. Compensation will be in line with DCC's customer service standards for any overrunning of maintenance.

ii) **Responsibility of Licensee**

The Licensee must inform DCC within 48 hours of any maintenance it is carrying out which may affect the supply. It is also responsible for liaising with the customer over any planned maintenance. If the maintenance affects DCC's operations, the Licensee may be required to compensate the company, and the situations in which this will apply and the amount of compensation will be set out in the access agreement.

5.2.2 Specification of assets

In the access agreement between the Licensee and DCC the assets required for maintenance access and the performance standards those assets must meet will be specified. The access agreement will set out regular inspection periods for the assets.

5.2.3 Maintenance standards

DCC endeavour to comply with the DG standards of service and the Guaranteed Standards Scheme.

http://www.dwrcymru.com/en/Reading_Room_Library/Leaflets-and-Publications.aspx

It will be agreed whether the Licensee will benefit from the same standards of service and this and any compensation for failure to meet the standards will be set out in the access agreement. Customers of Licensees do not have the benefit of Guaranteed Standards Scheme; any compensation payments will be made to the Licensee who may pass them onto the customer as appropriate.

5.2.4 Risk assessment processes

DCC will undertake detailed risk assessments before commencing any planned maintenance. In order to complete any risk assessment DCC may make requests of the Licensee for information depending on the nature of the work required. If DCC were working on the main and there was a risk of dirty water, DCC may want to understand the effect this would have on the site and this may affect how DCC plans the work. If the Licensee is unable to provide the information requested DCC will proceed with maintenance on the basis of the information it currently possesses and in a situation where the Licensee refuses, neglects or does not otherwise provide input, the Licensee shall be deemed to have indemnified DCC against any claim for compensation by or on behalf of the Licensee's customer(s)

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

5.3 Unplanned system maintenance

5.3.1 Obligations with respect to unplanned maintenance

i) **Responsibility of water undertaker**

DCC will endeavour to maintain supplies to the Licensee's customer in the event of unplanned maintenance.

ii) Responsibility of Licensee

The Licensee must inform DCC as soon as it is aware of any incident or potential incident, which may affect DCC's supply system or the quality of water. If maintenance on the Licensee's assets will affect the volume of water entering the DCC supply system, the Licensee must alert DCC immediately. Procedures for liaising between the parties will be set out in detail in the access agreement.

The Licensee shall have regard to any guidance, procedures and requirements, and any policies relating to civil emergencies and national security notified by the Welsh Government as far as they relate to the Licensee.

5.3.2 Risk assessment processes

DCC will, as far as is reasonably possible, undertake risk assessments before commencing maintenance. In order to complete any risk assessment DCC may make requests of the Licensee for information depending on the nature of the work required. The Licensee will be expected to do the same when carrying out any maintenance on its pipework and assets.

5.3.3 Emergency notices

Emergency procedures will be set out in the access agreement. Any emergency notice issue requirements e.g. if there is a burst or pollution incident shall be met by the party responsible for the assets on which the unplanned maintenance work is to take place. In the event that the responsibility falls to the Licensee, the Licensee shall provide copies of the notification when the work to be carried out is within DCC's statutory water supply area. Emergency procedures will be set out in the access agreement and once the Licensee has signed the confidentiality agreement with DCC, DCC will provide upon request relevant sections of its emergency operational manual.

5.4 Safety aspects of unplanned and emergency work

5.4.1 Status classification

Details will be set out in the access agreement.

5.4.2 Standard emergency reporting procedures

Details will be set out in the access agreement.

5.4.3 Major emergency reporting procedures

Details will be set out in the access agreement.

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

DCC and the Licensee will brief each other on their respective emergency procedures to ensure compatibility. The access agreement will set out the details of any meetings and any detailed procedures to be followed. Meetings will take place at least once a year.

5.6 Customer Protection

5.6.1 Special Consumers

In addition to customers classified as “special consumers” under Condition R paragraph 8(6), DCC maintains a register of premises where there are customers with particular needs [e.g. they must be of pensionable age or be sight impaired, all of these customers are listed on “the additional services/priority services” register. In order to be placed on the register a customer needs to apply to DCC or the information will have been received from the local NHS Trust, for example, where there is someone on home dialysis living at the premises. If the Licensee has customers which they consider should be on the additional services register they should apply to DCC for registration subject to compliance with Data Protection Act requirements. Equally, it would be prudent for a Licensee to confirm whether there are individuals on the register who reside at the premises they are supplying.

5.6.2 Large scale customer warning procedures

Please refer to 7.2.2 in this code

5.6.3 Emergency compensation payments

Any GSS compensation payments are made to the Licensee who pass them onto the customer.

5.6.4 Emergency operational planning exercises

The procedures which are to be followed will be set out in the access agreement. Emergency operational planning exercises will be carried out as and when appropriate.

The Licensee will take part in DCC’s planning exercises. The plan should make provision to maintain in the event of an unavoidable failure of the water a minimum alternative water supply as notified by the Welsh Government. It should also allow for priority to be given to the priority services customers and regard will be given for non-domestic users.

5.7 Support processes

5.7.1 Arrangements for press liaisons

In the event of an emergency connected with the supply system occurring, DCC will undertake any contact with the press. If the problem originates on the Licensee’s assets then as far as reasonably possible DCC will liaise with the Licensee on an agreed statement.

5.7.2 Arrangements for the dissemination of severe weather warnings

When DCC receives a severe weather warning which may affect the Licensee’s supply to its customer it will inform the Licensee as soon as reasonably possible. Points of contact will be specified in the access agreement.

5.7.3 Emergency contacts

The Licensee must contact the DCC 24 hour control room by telephone and fax. The access agreement will detail the specific circumstances when a Licensee must contact DCC and the follow-up procedure to the initial contact.

5.8 Reportable situations

There are a wide variety of reportable situations and the Licensee will be expected to familiarise themselves with these and the relevant regulatory points of contact. When there are any reportable situations, the parties should liaise with each other as appropriate and as set out in the access agreement.

The procedures between DCC and the Licensee will make provision for consultation with and reporting to all appropriate organisations including:

- Local Authority Environmental Health Departments
- Health Authorities/Trusts
- Public Health Wales
- Renal Dialysis Co-ordinators
- Medical Advisor/CCDC's
- DWI
- Ofwat
- Welsh Government
- NRW/EA

It is DCC's policy to provide the information required by regulators irrespective of whether it is a mandatory requirement or request. Accordingly, the Licensee must also provide such information via DCC.

- The Water Industry (Suppliers' Information) Direction requires specific information within 24 hours, 72 hours and 20 days of incidents and events.
- Ofwat requires information as soon as possible on any incident which affects the customer. Ofwat requires this information to answer customer and press queries.
- The Welsh Customer Services Committee's Secretary should be kept informed of any incident which affects the customer.
- NRW/the EA require information on any incident which has the potential of affecting watercourses or groundwater. The effects can result from the incident or the remedial actions which follow. NRW/the EA require the information to carry out their statutory duties.

6. Customer contact arrangements

6.1 Customer contact arrangements for operational queries and complaints

Where access has been granted to DCC's supply system, DCC will nevertheless retain control of the operation of that supply system. The Licensee will be responsible for customer services unless it is agreed otherwise with DCC. The access agreement will

set out those services to be provided by the Licensee and those by DCC. If the Licensee requires a level of service to its customer that is different from the service DCC provides as a matter of course, the Licensee must pay for this increased level, and terms will be agreed and set out in the access agreement.

6.1.1 Customer meter reading

The Licensee is responsible for reading the meter at the customer's premises although the meter will remain the property of DCC. The Licensee must share meter and meter reading information with DCC. Where DCC currently has access to telemetry on a customer's meter this should continue.

The Licensee will also be required to share meter readings with the sewerage undertaker, where the sewerage services are provided by a different undertaker.

The access agreement will set out the procedure for dealing with any disputed meter reads post-transfer. (The CTP sets out the process which will be followed to resolve disputed transfer meter readings. This relates to disputed readings at customer transfer only.)

6.1.2 Billing and debt collection

The Licensee is responsible for the billing of its customers.

Following the transfer of a customer, DCC will send a final invoice to the customer showing the final meter reading of consumption at the point of the transfer. Where money is owing to DCC for this supply, it reserves the right to suspend the transfer until it is satisfied that the payment has been made.

6.1.3 Operational issues

i) Water supply queries

DCC retains responsibility for the operation, maintenance and control of its supply system.

Standard Condition 5 of the Water Supply Licence, Condition of Appointment R and the Wholesale/Retail Code operational terms set out the duties of Licensees and water undertakers respectively to provide information to each other on operational issues.

The customer's first point of contact, except in the case of an emergency, will be with the Licensee. DCC will as far as possible agree timescales with the Licensee for any planned maintenance. The Licensee will be responsible for informing the customer of any disruption which may be caused as a result of maintenance. If planned maintenance overruns compensation will only be payable on terms agreed in the access agreement. The access agreement will also set out the agreement between the parties as to any compensation to be paid by the Licensee in the event that any work it carries out disrupts the system.

The Licensee will be responsible for communicating with its customer. However, in the case of an emergency, DCC will also need to be able to contact the customer. Customer contact information must therefore be provided to DCC and kept up to date by the Licensee.

The parties may agree that it is DCC that should be contacted in certain circumstances. If this is the case, these circumstances will be set out in the access agreement, and it is the responsibility of the Licensee to inform the customer of the circumstances when they should contact DCC.

ii) Sewerage queries

Sewerage undertakers and/or billing agents will generally retain their existing relationships with their sewerage customers. The Licensee and sewerage undertaker may agree that the Licensee will carry out some or all of this contact on behalf of a sewerage undertaker.

6.1.4 Complaint handling processes

Any access agreement with DCC and a Licensee will set out how complaints are allocated and transferred. A text will be agreed by both parties to explain to the customer the relationship of the Licensee and DCC and how any complaints will be dealt with between the parties.

If the customer wishes to complain about their new supplier, the Licensee, they should contact the Licensee in the first instance and follow up their complaint procedure. If the customer is still dissatisfied then they may wish to put their complaint in writing to the Consumer Council for Water.

6.1.5 Obligations on water undertaker

Condition of Appointment R sets out the water undertaker's duty to provide information to the Licensee on issues such as water quality, water pressure, continuity of supply and matters affecting the supply system. DCC, as water undertaker, remains responsible for the operation and maintenance of the supply system. DCC will liaise with the Licensee over any problems in the supply so that the Licensee may inform their customers.

6.1.6 Obligations on Licensees

A Licensee must ensure the safe operation of the supply system and give DCC all information required as specified in Standard Condition 5 of the Water Supply Licence:

7. Provision of information to relevant undertakers

- (1) In so far as the provision of information to a relevant water undertaker is not provided for by or under any enactment, the Licensee shall provide any relevant water undertaker with such information as the undertaker reasonably requires –
 - (a) for the purposes of carrying out its functions;
 - (b) to determine whether the Licensee has sufficient product and public liability insurance for the activities authorised by its licence;
 - (c) to comply with any condition of the undertaker's appointment;
 - (d) in relation to national security or civil emergencies; or

- (e) to comply with any reasonable request for information made by Natural Resources Wales or the Environment Agency.
- (2) The Licensee may impose reasonable conditions on the use which the undertaker may make of information provided under this paragraph.
- (3) Any question as to the reasonableness of—
 - (a) any requirement to provide information under sub-paragraph (1); or
 - (b) any condition proposed by the Licensee under sub-paragraph (2), shall be resolved by referring that question to Ofwat for its determination.
- (4) A reference under sub-paragraph (3) shall have the effect of suspending the requirement so referred pending Ofwat's determination.
- (5) The Licensee shall not be required under this paragraph to provide any information which would be protected from disclosure or production in proceedings in the High Court on grounds of legal professional privilege.
- (6) The Licensee shall immediately inform the relevant water undertaker of relevant details—
 - (a) if the Licensee becomes aware of any actual or potential incident which adversely affects or is likely adversely to affect—
 - i) water quality;
 - ii) water pressure;
 - iii) continuity of supply; or
 - iv) any other matter relating to the relevant water undertaker's supply system; or
 - (b) if a special consumer occupies or is likely to occupy any premises which the Licensee supplies.
- (7) The Licensee shall inform the relevant water undertaker as soon as reasonably practicable if—
 - (a) any premises which the Licensee supplies are no longer occupied by any special consumers; or
 - (b) the Licensee has any planned interruptions in supply.
- (8) Where the Licensee intends to supply water to the premises of a customer which were not previously connected to a relevant water undertaker's supply system, the Licensee shall, as soon as reasonably practicable, inform any third party sewerage undertaker which provides or will provide services to those premises of—
 - (a) the date of connection;
 - (b) the address of the premises; and

- (c) the name and address of the Licensee’s customer with respect to those premises.
- (9) For the purposes of sub-paragraph (6), an incident includes regulatory infringements which may put the Licensee or relevant water undertaker at risk of supplying water which is unwholesome as determined under section 67 WIA 1991 (standards of wholesomeness) or unfit for human consumption within the meaning of section 70 WIA 1991 (offence of supplying water unfit for human consumption).
- (10) For the purposes of sub-paragraphs (6) and (7), a special consumer is a person, or member of a class of persons, who—
 - (a) the Licensee and the relevant water undertaker agree, or
 - (b) Ofwat specifically or generally determines by relevant notice, regularly requires water urgently on medical or other grounds.
- (11) Under sub-paragraph (10)—
 - (a) a determination shall not have effect unless, before making the determination, Ofwat has consulted such persons as it considers appropriate; and
 - (b) a “relevant notice” is a notice published in such manner as Ofwat considers appropriate and served on the Licensee.

7.1.1 Disconnection

Water undertakers may reasonably seek similar provisions from Licensees as they have with their own customers. It is DCC’s policy to rely on the power to disconnect where pursuing the non-payment of bills. The same disconnection procedure that DCC currently operates in relation to its large users for non-payment will be built in to any access agreement DCC has with a Licensee and further, it will be a condition of reconnection that the Licensee makes full payment of any outstanding sums together with the payment of a security deposit.

7.2 Customer contact arrangements for emergencies and events

7.2.1 Special Consumers

The definition of “special consumers” is set out in the water undertaker’s Condition of Appointment R paragraph 8(6). A special consumer is a person or a member of a class of persons who:

- the water undertaker and Licensee agree; or
- Ofwat specifically or generally determines by relevant notice, regularly requires water urgently on medical or other grounds

The Licensee and the water undertaker must keep each other informed of the special needs of individuals e.g. dialysis.

DCC has operational and billing systems in place to indicate priority services customers. Customers either themselves, or through their doctors advise DCC of the special

needs/priority services requirements and DCC will then insert the relevant details onto the priority services register. Where DCC receives notifications in relation to individuals from third parties, Data Protection Act implications will need to be considered.

7.2.2 Large scale customer warning procedures

If a large geographical area and/or large number of properties are affected by a supply issue DCC will inform the Licensee. The Licensee's customer will also receive warnings direct from DCC as part of its procedure through, for example, press warnings and leaflets.

7.2.3 Obligations on water undertakers

Water undertakers are required to notify the relevant bodies of any incident that may affect drinking water quality or sufficiency of supplies. The water undertaker must comply with the Security and Emergency Measures (Water & Sewerage Undertakers) Direction 1998, the Security and Emergency Measures (Water Undertakers) Direction 2006 and guidance SEMG(6). If DCC has reasonable cause to suspect that an incident has or is likely to occur, it will stop the further introduction of water by the Licensee until the incident is over. Subject to the exceptions in section 63AC of the WIA 1991, DCC will provide supplies to the Licensee's customer under its interim supply duty. DCC will brief any Licensee on relevant emergency action plans before a live connection is made. DCC will liaise with the Licensee and the EA/NRW as to nationally agreed security standards.

Access agreements between Licensees and DCC will set out relevant procedures and responsibilities where these are not stipulated by statute.

7.2.4 Obligations on Licensees

A Licensee must inform the relevant bodies and DCC of any incident that may affect the drinking water quality or sufficiency of supply. The Licensee must comply with the Security and Emergency Measures (Licensed Water Suppliers) Direction and Guidance on the Licensed Water Suppliers Direction (SEMG(7)). The Licensee must immediately inform DCC as soon as they become aware of any incident or potential incident that affect or is likely to affect water quality. Licensees should adhere to best practices adopted by water undertakers. There are statutory provisions detailing Licensees' duties in respect of water resource management, drought planning, emergency planning and security and emergency measures. The Licensee should provide details of their emergency procedures and demonstrate them to DCC's satisfaction. They should also liaise with DCC and the EA/NRW over pollution control and proper management of incidents.

The access agreement will contain a detailed protocol for the dissemination of information between the parties and to the Licensee's customer in the case of an emergency.

8. Supply system connections

8.1 Connection of Licensee's source to supply system

DCC is the owner of the supply system. Connections to the DCC supply system will be carried out by DCC and any work on the supply system required due to the connection will be carried out by DCC.

The Licensee may choose to lay its own pipes to DCC's supply system in accordance with self-lay policy and procedures or DCC may lay the pipe from the main.

WIA 1991 sets out the statutory framework in relation to self-lay (s.51A).

The location of the access point and its configuration is to be agreed with DCC.

8.2 Connection of qualifying premises to the supply system

In most circumstances the qualifying premises will already be connected to the supply system. Where they are not, DCC's policy for new connections and mains laying will be followed.

DCC's policy on new connections as applies to its own customers is set out in the following booklets:

New Connections and Infrastructure Charges

Our Scheme of Charges

http://www.dwrcymru.co.uk/en/Reading_Room_Library/Leaflets-and-Publications.aspx

The Licensee and DCC will agree responsibility of the provision of information to the sewerage undertaker e.g. meter details, where DCC is not the relevant sewerage undertaker.

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

All connections to and any work on the DCC supply system will be carried out by DCC.

The arrangements for any pipes required to be laid between the DCC supply system and the secondary undertaker's supply system will be agreed between DCC, the Licensee and the secondary undertaker.

9. Legal contract, arbitration and disputes resolution

9.1 Contract terms

Where a Licensee is to be given access to DCC's supply system the parties must enter into an access agreement setting out the terms and conditions of the access arrangement. It will incorporate the general terms of any access together with specific requirements according to the individual customers the Licensee intends to be supplied.

9.1.1 Contents

Set out below is a non-exhaustive list of the headings of clauses that may be incorporated in any agreement with DCC. This list is subject to change according to the specific case circumstances:

i) Recitals

The recital explains the background to the agreement and is not intended to be legally binding.

- ii) Definitions
This defines terms used in the agreement.
- iii) Premises specific contract schedules
Covering the process to be used in the transfer of customers and agreement of specific terms.
- iv) PWU obligations
Outlines DCC's obligations under the agreement, e.g. adherence to statutory obligations.
- v) Supply obligation
Sets out obligations in respect of supply e.g. quantity.
- vi) Water flow and pressure
Confirms DCC's obligations in respect of flow and pressure.
- vii) LWS obligations
Outlines the Licensees obligations towards DCC e.g. obligation to advise of any material change effecting the operation of the agreement.
- viii) Charges
Explains for instance where charges may be adjusted.
- ix) Billing and payment
Confirms arrangements and time period for billing and payment.
- x) Ownership of the supply system
Confirms DCC's ownership of the supply system
- xi) Meter ownership installation and maintenance
Sets out the ownership and responsibility of DCC and the Licensee in relation to meters.
- xii) Meter reading
Confirms the arrangements for meter reading.
- xiii) Security of supply
Confirms the responsibility for drought and water resource management planning.
- xiv) Interruptions to supply

Sets out the relevant notices in respect of interruptions that each party will endeavour to adhere to.

xv) Network maintenance

Sets out the relevant notification etc. that will be given before maintenance on the network will be undertaken.

xvi) Customer service arrangements

Confirms the contact arrangements and information to be given to the Licensee customer by both parties.

xvii) Disconnection

Sets out the instances when disconnection may be used and when any reconnection will be made.

xviii) Insurance

Confirms the insurance cover the parties have in place.

xix) Liabilities

Sets out the respective liabilities of each party, when any liability will be triggered and any limits on such liability.

xx) Costs

Confirms each party's liability for costs incurred in reaching agreement.

xxi) Intellectual Property rights

Confirms that each party maintains any rights it may have had in relation to any document, product or data.

xxii) Termination

Sets out how and when the agreement may be terminated.

xxiii) Confidentiality

Confirms each party's confidentiality obligations under the agreement.

xxiv) Notices and communication

Informs the parties on how any notice under the agreement should be given and relevant contact details.

xxv) Assignment and procurement

This sets out any restrictions on the assignment of rights and obligations under this agreement.

xxvi) Force majeure

This sets out the circumstances in which either party may be excused from performing its obligations under the agreement if performance is hindered or prevented by circumstances outside that party's control.

xxvii) Dispute resolution

Sets out the procedure to be followed in resolving any dispute between the parties in respect of the operation of the agreement.

xxviii) General

Includes some general clauses, e.g., variation of the agreement and governing jurisdiction.

9.2 Arbitration and disputes resolution processes

The access agreement may be terminated early in accordance with the provisions set out therein. DCC will expect grounds for early termination to include, but not be limited to:

- mutual agreement;
- a serious breach of the Licensee's obligations under the access agreement; and
- loss of customer.

Dispute, appeal and arbitration procedures will be as agreed between the parties and could include:

- negotiation;
- conciliation;
- mediation;
- arbitration; or
- litigation.

Ofwat has the power to make determinations about some aspects of the licensing regime and so may also be involved in the resolution of disputes that arise between a Licensee and water undertaker. The Ofwat publication "Procedure for handling water supply licensing determinations" explains Ofwat's powers in this respect. It sets out the process Ofwat will follow in determining disputes which arise, e.g. it explains when Ofwat will consult third party bodies. Also explained is the proposed timetable for Ofwat to carry out any investigations into water supply licensing disputes.

[Procedure for handling water supply licensing determinations](http://www.ofwat.gov.uk/competition/wsl/wslpublications/gud_pro_wslmaterpro.pdf)

http://www.ofwat.gov.uk/competition/wsl/wslpublications/gud_pro_wslmaterpro.pdf

9.2.1 Negotiation

The parties negotiate with a view to reaching an agreement. Failing a resolution of the dispute through negotiation one or both parties may refer the matter for alternative dispute resolution using one or more of the methods below.

9.2.2 Conciliation

An impartial independent third party acts as a communicator between the parties and encourages a move towards resolution. Any settlement will be non-binding.

9.2.3 Mediation

A neutral third party helps the parties to find a mutually acceptable resolution by offering suggestions to help them move towards a settlement. Any settlement will be non-binding

9.2.4 Arbitration

The dispute is referred to an arbitrator or panel of arbitrators who will gather information and if appropriate witness statements in order to decide a settlement of the dispute. The decision reached at arbitration will be binding on both parties.

10. Access Pricing

10.1 Indicative access prices

In accordance with Ofwat Guidance on Access Codes DCC has produced indicative access prices for combined supply situations.

In calculating these indicative prices DCC has had due regard to the objectives set out in the relevant section of the Ofwat Guidance on Access Codes and in particular the costs principle (as interpreted in accordance with Ofwat's letter dated 18 August 2014, "The costs principle and access pricing – companies operating wholly or mainly in Wales").

10.2 Case specific access prices

The general principles set out in Ofwat's guidance and the costs principle will be applied in calculating case-specific prices. DCC will provide case-specific access prices to Licensees in a standard format as prescribed in Ofwat's Guidance on Access Codes. The calculation of price will be conducted in a non-discriminatory manner and the process will be open and transparent.

11. Glossary of defined terms

Access: The wholesale supply of water by a water undertaker to a Licensee for the purpose of making a retail supply of water to the premises of the Licensee's customer; and the introduction of water by the Licensee into a water undertaker's supply system to supply its retail customer.

Access agreement: An agreement between a water undertaker and a Licensee for access by a Licensee to a water undertaker's supply system.

Access code: A water undertaker's document that sets out all principal aspects of access to its supply system and the terms and conditions on which it will grant access to its supply system by a Licensee. The access code comprises the standard

terms and conditions common to all water undertakers and the terms and conditions specific to that water undertaker.

Access terms: The terms under which a water undertaker and a Licensee agree access to a water undertaker's supply system.

Adjoining supply system: Supply systems of other water undertakers with direct physical connections to the water undertaker's own supply system.

Back-up supplies: These are supplies that can be called into operation in the event of failure of the 'duty' supply.

Boil notices: A notice issued by the undertaker as a warning that water should be boiled before drinking as a precautionary measure.

Borehole: A hole for abstracting groundwater constructed by boring.

Chemical parameters: Limits for the level of chemicals found in water. Examples are iron, chlorine, sulphates, pesticides, ammonium compounds.

Chlorination: The use of chlorine to disinfect water.

Coliform bacteria: A group of bacteria found in the intestine and faeces of most animals. Coliforms can sometimes be found in untreated water. The treatment process removes them and disinfection prevents their reappearance in the distribution system.

Combined Licence: A Retail Licence with the Supplementary Authorisation, authorising the holder to introduce water into a water undertaker's supply system and to retail that water to a customer's eligible premises (section 17A(6) WIA 1991).

Combined supply: A supply made pursuant to a combined licence.

Compensation water: Water released to the environment to offset impacts of abstraction or to comply with Appointment Conditions (or both).

Costs principle: As defined in section 66E of the WIA 1991.

Cryptosporidium: A waterborne micro-organism, single celled protozoan parasite, which causes disease and illness.

Defra: Department for Environment, Food and Rural Affairs.

DWI: Drinking Water Inspectorate.

Deployable output: The output of a commissioned water supply source, group of sources or bulk supply under worst historic drought conditions as constrained by: abstraction license, if applicable; environment; treatment; raw water mains and/or aquifers; pumping plant and/or well/aquifer properties; transfer and/or output main; water quality.

Disinfection: The process of treating water in order to kill harmful organisms.

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

Drought: A prolonged period of dry weather that reduces rivers flows, reservoir inflows or groundwater levels to unusually low levels.

E.Coli: A bacterium taken as an indicator of faecal contamination.

Eligible premises: Premises that satisfy the eligibility requirements in section 17A(3) WIA 1991 and Ofwat's guidance on Eligibility. Each of the following three requirements must be satisfied in relation to each of the premises in order for a customer's premises to be eligible:

- The customer's premises must not be "household premises" (as defined in section 17C WIA 1991);
- When the Licensee first enters into an undertaking with a customer to give the supply, the total quantity of water estimated to be supplied to the premises annually by the Licensee must be not less than 50 megalitres (the "threshold requirement", section 17D WIA 1991); and
- The premises may only be supplied by one Licensee (but may also be supplied by one or more water undertakers).

Fit and proper person: For the purpose of making an access agreement, a person or party will not be deemed fit and proper if there are any relevant convictions, concerns over technical ability, insufficient financial resources available.

Fluoridation: Application of fluoride to drinking water at the request of Strategic Health Authorities or in Wales the National Assembly of Wales as a preventative measure against dental decay.

Groundwater: For the purposes of an access agreement groundwater is defined as water abstracted directly from an aquifer by means of a well, borehole or spring.

Guaranteed Standards Scheme (GSS): A scheme that lays down the minimum guaranteed standards of service that water companies have to deliver. Water companies have to pay compensation to customers if they fail to meet these standards.

Hardness: Characteristics of waters containing dissolved calcium and magnesium salts.

HSE: Health and Safety Executive is a government agency responsible for administering all regulations pertaining to health and safety and public security.

Instrument of Appointment: The water (and sewerage) companies operate under Instruments of Appointment, granted by the then Secretaries of State for the Environment and for Wales, or by Ofwat, to provide water and sewerage services in England and Wales. The Instrument of Appointment imposes conditions on the companies, which Ofwat is required to enforce.

Interruptible supply points: These are supply points where a continuous water supply is not necessary.

Leakage: The loss of water from the supply network which escapes other than through a controlled action.

Licensee: A company holding either a retail licence or a combined licence.

Major Emergency Procedures: The Major Emergency Procedures are evoked when the situation or the number of people affected is in excess of those which can be dealt with by the Standard Emergency Procedures.

Mandatory parameters: Levels of chemical or biological indicators that must be measured by law. Examples for drinking water are E coli, nitrates, chlorides.

Microbiological parameters: Levels of bacteria for example E coli, coliforms, enterococci, whose presence indicate that the water may be polluted and therefore should not be used as drinking water.

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

Outage: A temporary loss of unusable water output due to planned or unplanned events.

Pathogen: An organism which is capable of producing disease.

Point of entry: The point at which treated water enters the supply system as defined by the isolation valve provided by the primary undertaker.

Point of exit: The point at which treated water leaves the supply system. In general this will be either to specific premises or to the supply system of an adjoining water company.

Potable: Water for domestic and food production purposes which is wholesome at the time of supply. This is defined in section 68 of the WIA 1991 and paragraph 4 of the Regulations.

Primary water undertaker: For the purposes of section 66A WIA 1991 (wholesale water supply by primary water undertaker) and section 66C WIA 1991 (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.

Priority supply points: Supply points as specified by Defra.

Rechlorination: Usually applied to injection of chlorine to drinking water in the distribution system after it has left the treatment works. Often used to boost chlorine levels at a service reservoir.

Reconciliation process: The balancing of actual demand against actual water supplied into the supply system and the associated financial implications.

Regulatory Compliance Sampling Programme: This is the annual programme of drinking water sampling which the Water Companies must undertake to comply with the requirements of the Regulations and subsequent amendments.

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

Retail authorisation: An authorisation to a company to use a water undertaker's supply system for the purpose of supplying water to the eligible premises of customers of the company (section 17A(2) of the WIA 1991).

Retail Licence: A Water Supply Licence giving the holder the Retail Authorisation, entitling the holder to purchase wholesale a supply of water from the water undertaker and to supply it retail to a customer's eligible premises (section 17A(4) of the WIA 1991).

Secondary water undertaker: A water undertaker other than the relevant primary water undertaker (section 66C(1)(a)(i) WIA 1991).

Security of supply: The extent to which water supplies to customers are reliable and not subject to possible restrictions because of a lack of rainfall over a period of time.

Service reservoirs: Any reservoir, statutory or otherwise, which is used to store treated drinking water.

Sewerage undertaker: A company appointed under the WIA 1991 to provide sewerage services in respect of a geographical area of England and Wales.

Special Consumers: As defined in condition of appointment R paragraph 8(6) and Standard Licence Condition 5.

Standard conditions of water supply licences: The standard terms and conditions of Water Supply Licences determined and published by the Secretary of State (for the Environment Food and Rural Affairs) pursuant to section 17H WIA 91.

Standard Emergency Procedure: These are a set of procedures for dealing with an emergency. The full or partial implementation of the procedures is dependent on the degree of seriousness of the emergency.

Supplementary Authorisation: An authorisation to a company to introduce water into a water undertaker's supply system for the purpose of making a retail supply of water to a customer.

Supply system: Any water mains and other pipes used for the purposes of conveying water from a water undertaker's treatment works to 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 WIA 1991.

Supply system balancing: The process of matching the 'water in' against the 'water out' from the supply system.

Telemetry: The technology for automatically measuring and transmitting data by radio or other means from remote sources to receiving stations.

Treated water: Water of a suitable quality for input to the treated water distribution system and that which results in satisfactory DWI compliance at the customer's tap.

Treated water quality monitoring: Regular sampling and analysis of untreated and treated water. Examples include daily measurement of free chlorine at treatment works or annual sampling for mercury at customers' taps.

Treatment works: Works where raw water from rivers or reservoirs is treated to produce drinking water. Treatment typically includes coagulation, filtration and disinfection.

Trihalomethanes: A group of chemicals produced by the reaction of chlorine with natural organic chemicals present in the raw water.

Turbidity: A measure of the optical clarity of water.

UKWIR: UK Water Industry Research Limited.

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

Untreated water: Raw water not of a suitable quality to enter the supply system.

WIA 1991: The Water Industry Act 1991(as amended by subsequent legislation).

WRZ: Water Resource Zone.

Water Fittings Regulations: The Water Supply (Water Fittings) Regulations 1999 (SI 1999/1148, amended by SI 1999/1506 and SI 2005/2035). These Regulations replaced the Water Bylaws in England and Wales and are largely enforced by the water undertakers.

Water resources management plan: A water undertaker's long term strategic plan for water resource development in its area (see section 37A WIA 1991).

Water Supply Licence: A licence granted to a company giving it the Retail Authorisation, or both the Retail Authorisation and the Supplementary Authorisation.

Water Supply (Water Quality) Regulations (the "Regulations"): The Water Supply (Water Quality) Regulations 2016 which apply to water undertakers whose area of supply is wholly or mainly in England; The Water Supply (Water Quality) Regulations 2010, which apply to water undertakers whose area of supply is wholly or mainly in Wales. The Water Supply (Water Quality) Regulations 2010 have also been subject to amendment set out in Water Supply (Water Quality) (Amendment) Regulations 2016 (Wales). The 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 the Regulations.

Water undertaker: A company appointed under the WIA 1991 to provide water services to a defined geographic area and which owns the supply system and other infrastructure.

APPENDIX 1

Draft Confidentiality Agreement

THIS AGREEMENT is made this day of 200[]
BETWEEN Dŵr Cymru Cyfyngedig, a company incorporated in England and Wales
Company Reg No. 02366777 whose registered office is at Pentwyn Rd Nelson
Treharris Mid Glamorgan CF46 6LY and [Proposed Licensee] of/ whose Registered
Office is []

WHEREAS Dŵr Cymru Cyfyngedig and [Proposed Licensee] (“the Parties” and
individually “a Party”) for their mutual benefit may have exchanged and wish further
to exchange certain information of a confidential nature and wish to protect such
information in the manner set out in this Agreement.

IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS

For the purposes of this Agreement the following expressions shall have the
following meanings:-

- | | | |
|-----|--|--|
| (a) | “Authorised
Representative” | shall mean any employee, director, officer or
professional and financial advisor of the
receiving Party, |
| (b) | “Confidential
Information” | shall mean any and all confidential,
commercial, financial, marketing, technical,
environmental information governed by the
EIR or other information or data of whatever
nature relating to the disclosing Party or to |

the disclosing Party's business or affairs (including but not limited to this Agreement, data, records, reports, agreements, software, programmes, specifications, know-how, trade secrets, either Party's or any associated company's organisational structure, contractual arrangements or agreements, technical documentation, finances, properties, costs, methods of doing business, personnel, legal affairs, plans, customers, products or processes, and other information concerning the Project, information regarding [the water undertaker's] actual or proposed network access code or any charges for any network access or, in the case of [the Licensee], information relating to its actual or proposed customers and borehole or other resource locations, whether or not identified as confidential) in any form or medium whether disclosed in writing, orally or by any other means to one Party by the disclosing Party or by a third party on behalf of the disclosing Party whether before or after the date of this Agreement together with any reproductions of such information in any form or medium or any part(s) of such information);

[(c) **“Exempted Information”**

shall mean any information or category of information, document, report, contract or other material containing information relevant to this Agreement that has been designated by the mutual agreement of the Parties as potentially falling within a EIR Exemption;

(d) **“EIR”**

shall mean the Environmental Information

- (e) **“EIR Exemption”** Regulations 2004 which shall include any amendment, modification, consolidation, re-enactment or replacement of the same; shall mean any applicable exemption to the EIR;]
- (f) **“Project”** shall mean any discussions and negotiations between or within the Parties concerning or in connection with the proposal set out in the Schedule attached hereto.

2. CONFIDENTIALITY OBLIGATIONS

- 2.1 Subject to clause 2.2 in consideration of the mutual exchange and disclosure of Confidential Information each Party undertakes in relation to the Confidential Information disclosed to it by the other Party either
 - 2.1.1 for [7] years from the date of this Agreement, or
 - 2.1.2 until such time as the Parties agree that this Agreement shall be superseded by other confidentiality obligations contained in a separate written agreement terminating this Agreement :-
 - (a) to treat all and any of such 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;
 - (b) to take all reasonable steps to protect the confidentiality of such Confidential Information and to prevent disclosure of same to unauthorised persons;
 - (c) not to disclose any of such Confidential Information in whole or in part to any third party without the prior written consent of the other Party save to its Authorised Representatives who need to know the same for the purpose of evaluating such Confidential Information in connection with the Project;
 - (d) to take all reasonable steps to ensure that each Authorised Representative to whom it discloses such Confidential Information is made aware of the provisions of this Agreement and observes the obligations contained herein.

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:-

- (a) 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;
- (b) is already known to the receiving Party prior to disclosure which prior knowledge the receiving Party can clearly demonstrate with written material;
- (c) becomes known to the receiving Party by disclosure from a third party who has a lawful right to receive and disclose the Confidential Information;
- (d) is required to be disclosed by law or by any regulatory authority provided that the receiving Party informs the disclosing Party in advance of the circumstances of the disclosure and exactly what is to be disclosed and uses all reasonable endeavours to obtain confidentiality undertakings from the recipients in respect of the Confidential Information disclosed; or
- (e) the disclosing Party agrees in writing may be disclosed.

[3. EIR

3.1 The Parties recognise that they are subject to legal duties, which may require the release of information under the EIR and may be under an obligation to provide information on request. Such information may include matters relating to, arising out of or under this Agreement in any way.

3.2 The Parties recognise that each request for information must be considered individually.

3.3 Notwithstanding anything in this Agreement to the contrary including, but without limitation, the general obligation of confidentiality imposed on the Parties pursuant to Clause 2, in the event that either Party ("the Relevant Party") receives a request for information under the EIR, the Relevant Party shall be entitled to disclose all information and documentation (in whatever form) as necessary to respond to that request in accordance with the EIR PROVIDED ALWAYS that where the information requested is information that has been given to the Relevant Party by the other Party ("the Other Party"), the Relevant Party:

- 3.3.1 shall use reasonable endeavours to consult the Other Party as soon as reasonably practicable and the Other Party agrees to respond to such consultation within 7 days of receiving the consultation notice; and
- 3.3.2 shall not disclose any information that the Parties have agreed is Exempted Information and shall rely on the EIR Exemption, at the Other Party's request and cost, and use reasonable endeavours to ensure that the Exempted Information remains withheld, including the lodging of any appeal against a decision by the Information Commissioner in relation to the request.
- 3.4 In the event that the Relevant Party incurs any costs, including but not limited to external legal costs, in seeking to maintain the withholding of the information, including but not limited to responding to information notices or lodging appeals against a decision of the Information Commissioner in relation to disclosure, the Other Party shall indemnify the Relevant Party, save that the Relevant Party shall use reasonable endeavours to consult the Other Party before incurring any such costs and comply with all reasonable requirements of the Other Party before incurring such costs and shall permit the Other Party to take over the sole conduct of the matter if it so chooses.]

4. INTELLECTUAL PROPERTY

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

5. RETURN OF INFORMATION

- 5.1 Each Party shall within one week of a request from the other Party in writing give to the other Party or (at the other Party's discretion) itself destroy all the Confidential Information of the other Party and all copies thereof in its possession, custody or control including for the avoidance of doubt Confidential Information contained within computers, word processors or other devices (including computer discs or other information storage equipment).
- 5.2 The return of Confidential Information shall not release either Party from its other obligations under this Agreement.

6. NO REPRESENTATION, WARRANTY OR LICENCE

- 6.1 No representation or warranty is made or given by either Party to the other as to the accuracy or completeness of the Confidential Information disclosed by it to the other or as the reasonableness of any assumptions on which the

same is based and each of the Parties agrees that neither the disclosing Party nor its Authorised Representatives shall have any liability to it (or its Authorised Representatives) resulting from the use of such Confidential Information save as expressly agreed in writing.

- 6.2 This Agreement only governs the rights and obligations of the Parties with respect to the Confidential Information disclosed and does not purport to be a licence to use such Information for any purpose except for the Project. Should the Parties enter into any licence or other similar agreements in the future such agreements shall supersede this Agreement and shall contain similar provisions for the protection of the Parties' Confidential Information.

7. REFERENCE TO THE PARTIES

Save as required by law or any regulatory body, neither of the Parties shall make any announcement, public statements or press releases of any kind in relation to the Confidential Information disclosed to it by the other of the Project nor shall they mention the name of the other Party in connection with the Project or disclose the existence of the Project or the existence of this Agreement without the prior written consent of the other Party.

8. NO CONTRACT

No documents or information made available to the one Party or its Authorised Representatives by the other will constitute an offer or invitation or form the basis of any contract.

9. NOTICES

All notices under this Agreement shall be in writing, sent by facsimile or first class registered or recorded delivery post to the Party being served to its facsimile number mentioned below or at its address specified above or at such other facsimile number or 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.

10. CONSEQUENCES OF BREACH

- 10.1 In consideration of either Party disclosing the Confidential Information to the other the receiving Party further agrees to indemnify the disclosing Party against any breach of its obligations under any clause of this Agreement.

10.2 Each Party recognises that in addition to all other remedies that the disclosing Party may be entitled to as a matter of law the disclosing Party shall be entitled to seek specific performance and any other form of equitable relief to enforce this Agreement. The receiving Party acknowledges that damages may be insufficient remedy for any breach of this Agreement.

10.3 No proof of special damages shall be necessary for the enforcement of this Agreement.

11. NO WAIVER

No failure or delay by either Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any right, power or privilege hereunder or otherwise.

12. VARIATION

No variation or amendment to this Agreement shall be effective unless in writing and signed by authorised signatories for the Parties.

13. 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 prior written consent of the other Party.

14. ENTIRE AGREEMENT

This Agreement sets out the entire agreement between the Parties in respect of the Confidential Information disclosed by either Party to the other and supersedes all previous understandings and undertakings in such respect whether oral or in writing, and no representation, undertaking or promise shall be taken to have been given or be implied from anything said or written in negotiations between the Parties prior to this Agreement except as set out in this Agreement.

15. COSTS

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

16. 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.

17. GOVERNING LAW

The construction, validity and performance of this Agreement shall be governed at all times by the laws of England and Wales, as applied in Wales; the Courts of England and Wales shall have exclusive jurisdiction in respect thereof.

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

SIGNED on behalf of Dŵr Cymru Cyfyngedig

(Signature)
(Position)
(Date)

SIGNED on behalf of [Licensee]

(Signature)
(Position)
(Date)

The Schedule

[Define the Project]

APPENDIX 7

Water quality

The following pages set out extract Schedules from the Water Supply (Water Quality) Regulations 2010 and Water Supply (Water Quality) (Amendment) Regulations 2016 (the “Regulations”):

TABLE A

MICROBIOLOGICAL PARAMETERS

Part I: Directive requirements

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
1.	Enterococci	0	number/100ml	Consumers' taps
2.	<i>Escherichia coli</i> (<i>E. coli</i>)	0	number/100ml	Consumers' taps

Part II: National requirements

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
1.	Coliform bacteria	0	number/100ml	Service reservoirs* and water
2.	<i>Escherichia coli</i> (<i>E. coli</i>)	0	number/100ml	Service reservoirs and water treatment

Note: *Compliance required as to 95% of samples from each service reservoir (regulation 4(6)).

TABLE B

CHEMICAL PARAMETERS

Part I: Directive requirements

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
1.	Acrylamide	0.10	µg/l	Consumers' taps

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
2.	Antimony	5.0	µgSb/l	Consumers' taps
3.	Arsenic	10	µgAs/l	Consumers' taps
4.	Benzene	10	µg/l	Consumers' taps
5.	Benzo(a)pyrene	0.010	µg/l	Consumers' taps
6.	Boron	1.0	mgB/l	Consumers' taps
7.	Bromate	10	µgBrO ₃ /l	Consumers' taps
8.	Cadmium	5.0	µgCd/l	Consumers' taps
9.	Chromium	50	µgCr/l	Consumers' taps
10.	Copper(i)	2.0	mgCu/l	Consumers' taps
11.	Cyanide	50	µgCN/l	Consumers' taps
12.	1, 2 dichloroethane	3.0	µg/l	Consumers' taps
13.	Epichlorohydrin	0.10	µg/l	(i)
14.	Fluoride	1.5	mgF/l	Consumers' taps
15.	Lead(ii)	(a) 25, from 25th December 2003 until immediately before 25th December 2013	µgPb/l	Consumers' taps
		(b) 10, on and after 25th December 2013	µgPb/l	Consumers' taps
16.	Mercury	1.0	µgHg/l	Consumers' taps
17.	Nickel (ii)	20	µgNi/l	Consumers' taps

Item	Parameters	Concentration or Value (maximum)	Units of Measurement	Point of compliance
18.	Nitrate (iii)	50	mgNO ₃ /l	Consumers' taps
19.	Nitrite (iii)	0.50	mgNO ₂ /l	Consumers' taps
		0.10		Treatment Works
20.	Pesticides (iv)(v) Aldrin) Dieldrin) Heptachlor) Heptachlor)	0.030	µg/l	Consumers' taps
	epoxide)			
	other pesticides	0.10	µg/l	Consumers' taps
21.	Pesticides: Total (vi)	0.50	µg/l	Consumers' taps
22.	Polycyclic aromatic hydrocarbons (vii)	0.10	µg/l	Consumers' taps
23.	Selenium	10	µgSe/l	Consumers' taps
24.	Tetrachloroethene and Trichloroethene (viii)	10	µg/l	Consumers' taps
25.	Trihalomethanes: Total (ix)	100	µg/l	Consumers' taps
26.	Vinyl chloride	0.50	µg/l	(i)

Notes:

- (i)** The parametric value refers to the residual monomer concentration in the water as calculated according to specifications of the maximum release from the corresponding polymer in contact with the water. This is controlled by product specification.
- (ii)** See also regulation 6(6).
- (iii)** See also regulation 4(2)(d).
- (iv)** See the definition of "pesticides and related products" in regulation 2.
- (v)** The parametric value applies to each individual pesticide.

(vi) "Pesticides: Total" means the sum of the concentrations of the individual pesticides detected and quantified in the monitoring procedure.

(vii) The specified compounds are:

- benzo(b)fluoranthene
- benzo(k)fluoranthene
- benzo(ghi)perylene
- indeno(1,2,3-cd)pyrene.

The parametric value applies to the sum of the concentrations of the individual compounds detected and quantified in the monitoring process.

(viii) The parametric value applies to the sum of the concentrations of the individual compounds detected and quantified in the monitoring process.

(xi) The specified compounds are:

- chloroform
- bromoform
- dibromochloromethane
- bromodichloromethane.

The parametric value applies to the sum of the concentrations of the individual compounds detected and quantified in the monitoring process.

Part II: National requirements

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
1.	Aluminium	200	µgAl/l	Consumers' taps
2.	Colour	20	mg/l Pt/Co	Consumers' taps
3.	Hydrogen ion	10.0	pH value	Consumers' taps
		6.5 (minimum)	pH value	Consumers' taps

<i>Item</i>	<i>Parameters</i>	<i>Concentration or Value (maximum)</i>	<i>Units of Measurement</i>	<i>Point of compliance</i>
4.	Iron	200	µgFe/l	Consumers' taps
5.	Manganese	50	µgMn/l	Consumers' taps
6.	Odour	3 at 25°C	Dilution number	Consumers' taps
7.	Sodium	200	mgNa/l	Consumers' taps
8.	Taste	3 at 25°C	Dilution number	Consumers' taps
9.	Tetrachloromethane	3	µg/l	Consumers' taps
10.	Turbidity	4	NTU	Consumers' taps

SCHEDULE 2

Regulations 2 and 4

INDICATOR PARAMETERS

<i>Item</i>	<i>Parameters</i>	<i>Specification Concentration or Value (maximum) or State</i>	<i>Units of Measurement</i>	<i>Point of monitoring</i>
1.	Ammonium	0.50	mgNH ₄ /l	Consumers' taps
2.	Chloride (i)	250	mgCl/l	Supply point*
3.	Clostridium perfringens (including spores)	0	Number/100ml	Supply point*
4.	Coliform bacteria	0	Number/100ml	Consumers' taps
5.	Colony counts	No abnormal change	Number/1ml at 22°C	Consumers' taps, service
			Number/1ml at 37°C	Reservoirs and treatment works
6.	Conductivity (i)	2500	µS/cm at 20°C	Supply point*
7.	Hydrogen ion	9.5	pHvalue	Consumers' taps
8.	Sulphate (i)	250	mgSO ₄ /l	Supply point*
9.	Total indicative dose (for radioactivity)	0.10	mSv/year	Supply point*
10.	Total organic carbon (TOC)	No abnormal change	mgC/l	Supply point*
11.	Tritium (for radioactivity)	100	Bq/l	Supply point*
12.	Turbidity	1	NTU	Treatment works

Notes:

(i) The water should not be aggressive.

SCHEDULE 3
Part IV

MONITORING
TABLE 1

PARAMETERS AND CIRCUMSTANCES FOR CHECK MONITORING

(1)	(2)	(3)
<i>Item</i>	<i>Parameter</i>	<i>Circumstances</i>
1.	Aluminium	When used as flocculant or where the water originates from, or is influenced by, surface waters
2.	Ammonium	
3.	<i>Clostridium perfringens</i> (including spores)	Where the water originates from, or is influenced by, surface waters
4.	Coliform bacteria	
5.	Colony counts	
6.	Colour	
7.	Conductivity	
8.	<i>Escherichia coli</i> (<i>E. coli</i>)	
9.	Hydrogen ion	
10.	Iron	When used as flocculant or where the water originates from, or is influenced by, surface waters
11.	Manganese	Where the water originates from, or is influenced by, surface waters
12.	Nitrate	When chloramination is practised
13.	Nitrite	When chloramination is practised
14.	Odour	
15.	Taste	
16.	Turbidity	

TABLE 2

ANNUAL SAMPLING FREQUENCIES: WATER SUPPLY ZONES

(1)	(2)	(3)	(4)
<i>Substances and parameters subject to check monitoring</i>	<i>Estimated population of water supply zone</i>	<i>Reduced</i>	<i>Standard</i>
E. coli			
Coliform bacteria	<100		4
Residual disinfectant	≥100		12 per 5,000 population (i)
Aluminium			
Ammonium			
<i>Clostridium perfringens (including spores)*</i>	<100	1	2
	100 - 4,999	2	4
	5,000 - 9,999	6	12
Colony counts	10,000 - 29,999	12	24
Colour	30,000 - 49,999	18	36
Conductivity*	50,000 - 79,999	26	52
Hydrogen ion	80,000 - 100,000	38	76
Iron			
Manganese			
Nitrate (ii)			
Nitrite (ii)			
Odour			
Taste			
Turbidity			
<i>Parameters subject to audit monitoring</i>			
Aluminium			
Antimony			
Arsenic			
Benzene*	<100		1

Benzo(a)pyrene	100 - 4,999		4
Boron*	5,000 - 100,000		8
Bromate(iii)			
Cadmium			
Chromium			
Copper			
Cyanide*			
1,2 dichloroethane*			
Enterococci			
Fluoride*			
Iron			
Lead			
Manganese			
Mercury*			
Nickel			
Nitrate (ii)			
Nitrite (ii)			
Pesticides and related products*			
Polycyclic aromatic	<100		1
hydrocarbons	100 - 4,999		4
Radium	5,000 - 100,000		8
Selenium			
Sodium			
Trichloroethene			
/Tetrachloroethene*			
Tetrachloromethane*			
Trihalomethanes			
Chloride*			
Sulphate*			
Total organic carbon*			
Tritium*			
Indicative Dose (for radioactivity)			

Notes: * Sampling for these parameters may be within water supply zones or at supply points as specified in Table 3, subject to notes (ii) and (iii) below.

- (i) Where the population is not an exact multiple of 5,000, the population figure should be rounded up to the nearest multiple of 5,000.
- (ii) Check monitoring in water supply zones is required only where chloramination is practised. In other circumstances audit monitoring is required.
- (iii) Audit monitoring in water supply zones is required only where sodium hypochlorite is added after water has left the treatment works. In other circumstances, audit monitoring is required at supply points.

TABLE 3

ANNUAL SAMPLING FREQUENCIES: TREATMENT WORKS OR SUPPLY POINTS*

(1)	(2)	(3)	(4)	(5)
Item	Substances and parameters	Volume of water supplied <i>m³/d</i>	Reduced	Standard
1.	<i>E. Coli</i>	<20		4
2.	Coliform bacteria	20 - 1,999	12	52
3.	Colony counts	2,000 - 5,999	52	104
4.	Nitrite (ii)	6,000 - 11,999	104	208
5.	Residual disinfectant	≥12,000	104	365
6.	Turbidity			
<i>Subject to check monitoring</i>				
7.	<i>Clostridium perfringens</i> (i)	<20		2
		20 - 999	2	4
8.	Conductivity	1,000 - 1,999	6	12
		2,000 - 5,999	12	24
		6,000 - 9,999	18	36
		10,000 - 15,999	26	52
		16,000 - 32,999	52	104
		33,000 - 49,999	78	156
		50,000 - 67,999	104	208
		68,000 - 84,999	130	260
		85,000 - 101,999	156	312

		102,000 - 119,999	183	365
		120,000 - 241,999	365	730
		242,000 - 484,999	730	1,460
		485,000 - 728,999	1,095	2,190
<i>Subject to audit monitoring</i>				
9.	Benzene			
10.	Boron			
11.	Bromate (iv)			
12.	Cyanide			
13.	1,2 dichloroethane			
14.	Fluoride			
15.	Mercury	<20		1
16.	Nitrite (iii)	20 - 999		4
17.	Pesticides and Related products	1,000 - 49,999	8	
		50,000 - 89,999	12	
		90,000 - 299,999	24	
		300,000 - 649,000	36	
18.	Trichloroethene) Tetrachloroethene)	≥650,000	48	
19.	Tetrachloromethane			
20.	Chloride			
21.	Sulphate			
22.	Total organic carbon			
23.	Tritium			
24.	Radon			
25.	Indicative Dose (for radioactivity)			

Notes: *Sampling is at treatment works for the substances and parameters shown in column (1) of the Table as items 1 to 6 and at supply points for the other substances and parameters, except nitrite, subject to notes (ii) and (iii) below.

- (i) Check monitoring is required only in respect of surface waters (see regulation 6(2) and Table 1 in Schedule 3).
- (ii) Sampling at treatment works when chloramination is practised.

- (iii)** Sampling at treatment works when chloramination is not practised.
- (iv)** Audit monitoring at supply points is required only where sodium hypochlorite is not added after water has left the treatment works. In other circumstances, audit monitoring is required in water supply zones.

**SCHEDULE 4
Regulation
16**

ANALYTICAL METHODOLOGY

TABLE A1

**PARAMETERS FOR WHICH, SUBJECT TO REGULATION 16(7),
METHODS OF ANALYSIS ARE PRESCRIBED**

(1) <i>Parameter</i>	(2) <i>Method</i>
<i>Clostridium perfringens</i> (including spores)	Membrane filtration followed by anaerobic incubation of the membrane on m-CP agar* at $44 \pm 1^\circ\text{C}$ for 21 ± 3 hours. Count opaque yellow colonies that turn pink or red after exposure to ammonium hydroxide vapours for 20 to 30 seconds.
Coliform bacteria	ISO 9308-1
Colony count 22°C - enumeration of culturable microorganisms	prEN ISO 6222
Colony count 37°C - enumeration of culturable microorganisms	prEN ISO 6222
Enterococci	ISO 7899-2
<i>Escherichia coli</i> (<i>E. coli</i>)	ISO 9308-1

*The composition of m-CP agar is:

Basal medium	
Tryptose	30.0g
Yeast extract	20.0g
Sucrose	5.0g
L-cysteine hydrochloride	1.0g

MgSO ₄ ·7H ₂ O	0.1g
Bromocresol purple	40.0mg
Agar	15.0g
Water	1,000.0ml

Dissolve the ingredients of the basal medium, adjust pH to 7.6 and autoclave at

121°C for 15 minutes. Allow the medium to cool and add:

D-cycloserine	400.0mg
Polymyxine-B sulphate	25.0mg
Indoxyl-[beta]-D-glucoside	60.0mg
to be dissolved in 8ml sterile water before addition	
Filter - sterilised 0.5% phenolphthalein diphosphate solution	20.0ml
Filter - sterilised 4.5% FeCl ₃ · 6H ₂ O	2.0ml

TABLE A2

PARAMETERS IN RELATION TO WHICH METHODS OF ANALYSIS MUST SATISFY PRESCRIBED CHARACTERISTICS

(1)	(2)	(3)	(4)
<i>Parameters</i>	<i>Trueness % of prescribed concentration or value or specification</i>	<i>Precision % of prescribed concentration or value or specification</i>	<i>Limit of detection % of prescribed concentration or value or specification</i>
Aluminium	10	10	10
Ammonium	10	10	10
Antimony	25	25	25
Arsenic	10	10	10
Benzene	25	25	25
Benzo(a)pyrene	25	25	25
Boron	10	10	10
Bromate	25	25	25
Cadmium	10	10	10
Chloride	10	10	10
Chromium	10	10	10
Colour	10	10	10
Conductivity	10	10	10
Copper	10	10	10
Cyanide(i)	10	10	10
1,2-dichloroethane	25	25	10
Fluoride	10	25	10

Iron	10	10	10
Lead	10	10	10
Manganese	10	10	10
Mercury	20	10	20
Nickel	10	10	10
Nitrate	10	10	10
Nitrite	10	10	10
Pesticides and related products(ii)	25	25	25
Polycyclic aromatic hydrocarbons(iii)	25	25	25
Selenium	10	10	10
Sodium	10	10	10
Sulphate	10	10	10
Tetrachloromethane	20	20	20
Trichloroethene(iv)	25	25	10
Trihalomethanes: Total(iii)	25	25	10
Turbidity(v)	10	10	10
Turbidity (vi)	25	25	25

Notes:

- (i) The method of analysis should determine total cyanide in all forms.
- (ii) The performance characteristics apply to each individual pesticide and will depend on the pesticide concerned.
- (iii) The performance characteristics apply to the individual substances specified at 25% of the parametric value in Part I of Table B in Schedule 1.
- (iv) The performance characteristics apply to the individual substances specified at 50% of the parametric value in Part I of Table B in Schedule 1.
- (v) The performance characteristics apply to the prescribed value of 4NTU.
- (vi) The performance characteristics apply to the specification of 1NTU for water leaving treatment works.

APPENDIX 8

Questionnaires

INITIAL QUESTIONNAIRE – COMBINED SUPPLIES

This questionnaire must be completed with due consideration of DCC's Access Code requirements.

1. General Company Information

Licensee name:	
Licensee address:	
Contact name and designation:	
Telephone number:	
Fax number:	
Email address:	
Licensee company registration number:	
Company registered office:	
1980 SIC code	
VAT no. and nature of business:	

2. Licence / Customer Information

Please provide a copy of your combined licence:	
Length of required access agreement:	
Name and address of proposed customer:	
Customer site address, if different to above:	
Ordnance survey co-ordinates of customer site:	
Please provide evidence supporting your view that the premises are eligible.	

Please provide a copy of the consent form from the customer.	
When do you require access to begin?	
Please supply details of the customer demand requirements.	

3. Water Source

Please provide the name and location of the raw water source including the ordnance survey co-ordinates of the source site.	
Please provide a copy of the abstraction licence application form and a copy of your abstraction licence.	

4. Water Treatment

Provide details of the proposed treatment processes and demonstrate that processes used for water treatment follow DWI raw water classification criteria.	
Please confirm if the water treatment works and associated pipe work to the point of supply are in your ownership, if not please confirm arrangements.	
Please demonstrate that the necessary legal arrangements, (i.e. easements) are in place to facilitate the maintenance and repair of your assets.	

5. Water Supply

Please supply details of the proposed point of entry including ordnance survey co-ordinates.	
Please supply details of the volumes of water you propose to input to our network (i.e. minimum, maximum and average annual, monthly, daily, hourly m ³ and l/s). Please provide details of the size of connection required and the materials proposed to be used.	

<p>If input is likely to be less than demand please detail your requirements from DCC and indicate if these will be for the duration of the agreement and under what circumstances this will occur.</p>	
<p>Please confirm the delivery range of pressure.</p>	
<p>Please confirm whether the supply will be pumped or gravity fed and clarify what control systems are in place to prevent surges.</p>	

DETAILED QUESTIONNAIRE – COMBINED SUPPLIES

This questionnaire must be completed with due consideration of DCC's Access Code requirements.

1. General Company Information

Licensee name:	
Licensee address:	
Contact name and designation:	
Telephone number:	
Fax number:	
Email address:	
Licensee company registration number:	
Company registered office:	
1980 SIC code	
VAT no. and nature of business:	

2. Licence / Customer Information

Please provide a copy of your combined licence:	
Length of required access agreement:	
Name and address of proposed customer:	
Customer site address, if different to above:	
Ordnance survey co-ordinates of customer site:	
Please provide evidence supporting your view that the premises are eligible.	
Please provide a copy of the consent form from the customer.	
When do you require access to begin?	
Please state the duration of your contract with the customer.	

Please supply a copy of the relevant sections of the agreement with your customer regarding the water supply, including customer specific requirements (e.g. type of water).	
Do you intend to supply additional customers? If yes provide details.	
Please supply details of the customer demand requirements, i.e. minimum, maximum and average annual, monthly, daily, hourly m ³ and l/s.	

3. Water Source

Please provide the name and location of the raw water source including the ordnance survey co-ordinates of the source site.	
Please provide a copy of the abstraction licence application form and a copy of your abstraction licence.	
Please confirm that the resource operation is in line with the abstraction licence granted.	
Please demonstrate that the water resources are sufficient in terms of volume to meet your proposed customers' demands throughout the year.	
Provide evidence of the long term sustainability of abstraction in terms of quantity in accordance with the EA supply demand guidelines including behaviour under drought conditions.	
Provide details of the volume of water available over and above proposed customer demand.	
Provide details of the water quality at the source i.e. records of sample data and monitoring over the previous 12 month period as a minimum.	
Provide details of the cryptosporidium risk assessments and results of any monitoring undertaken.	

Provide source protection details and notification procedures in the event of a pollution incident or abnormal operation.	
Please provide details of any raw water storage at the source.	

4. Water Treatment

Provide details of the proposed treatment processes and demonstrate that processes used for water treatment follow DWI raw water classification criteria.	
All products used in the treatment of or contact with raw or treated water must have Water Supply (Water Quality) Regulations 2010 approval. Please provide evidence of this.	
The Licensee must have recognised accreditation such as ISO 9001 to cover all aspects of water treatment. Please provide evidence of this.	
The supply must have an emergency shut down facility, which is triggered by the continuous measurements of chlorine, residual coagulant, pH and turbidity. These must be measured at a point upstream of the supply point and trigger levels must be set to prevent breach of PCV (permitted concentration values). Please provide details demonstrating your compliance with this.	
Please provide a comprehensive drinking water safety plan for each source used.	
Please provide details of any treated water storage at the treatment works.	
Please confirm if the water treatment works and associated pipe work to the point of supply are in your ownership, if not please confirm arrangements.	
Please demonstrate that the necessary legal arrangements, i.e. easements are in place to facilitate the maintenance and repair of your assets.	

Additional requirements that must be met by the Licensee are detailed below. The Licensee must demonstrate compliance.

Treatment must be compliant with the recommendations of the following 3 reports:

- (i) Badenoch, John. (1990). Cryptosporidium in water supplied: report of the group of experts. HMSO, London.
- (ii) Badenoch, John. (1995). Cryptosporidium in water supplied: second report of the group of experts. HMSO, London.
- (iii) Bouchier, Ian. (1998). Cryptosporidium in water supplied: third report of the group of experts. HMSO, London.

Plumbosolvency of the water must be assessed by an approved method, both on its own and in admixture of receiving water and treatment must be supplied if needed.

5. Water Supply

Please supply details of the proposed point of entry including ordnance survey co-ordinates.	
Please supply details of the volumes of water you propose to input to our network (i.e. minimum, maximum and average annual, monthly, daily, hourly m ³ and l/s).	
Please provide details of the size of connection required and the materials proposed to be used.	
If input is likely to be less than demand please detail your requirements from DCC and indicate if these will be for the duration of the agreement and under what circumstances this will occur.	
Please confirm the delivery range of pressure.	
Please confirm whether the supply will be pumped or gravity fed and clarify what control systems are in place to prevent surges.	
Please confirm what measures will be in place to sustain flows and pressures (i.e. generator backup, standby pumps, equipment repair levels of service, general emergency procedures, and maintenance regimes).	
Please confirm what storage is available at the point of supply.	

DCC will require an impact assessment, including hydraulic analysis, to be carried out and this costs will be recharged to the Licensee. Please confirm your acceptance of this.	
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Requirements that must be met by the Licensee are detailed below. The Licensee must demonstrate compliance.

The Licensee must provide a meter at the point of supply; the meter and its installation must be in accordance with DCC's specification. 15 minute pressure and flow data must be made available to DCC via a logger which has the facility to SMS text alarms.

6. Health and Safety

Please provide a copy of your policy statement regarding Health and Safety Management, which should demonstrate your compliance with Health and Safety regulations and legislation.	
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7. General

Please clarify the details of your Business Management System in operation and whether this is registered to ISO 9001.	
Please include a copy of your quality policy statement.	
Please include a copy of your Environment Policy.	
Please clarify your arrangements for management and operation of your supply (i.e. staffing levels, 24 hours availability).	

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).
- b) 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/m³ 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.
- c) 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/m³ 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.
- 3.4** Indicative wholesale supply charges published by an appointed water company shall be for the service defined in clause 2 of the common contract.
- 3.5** 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.
- 3.6** 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.
- 3.7** 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.
- 3.8** 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.
- 3.9** 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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Clause

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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 1 (Definitions) shall apply.

1.3 In this Contract:

- (a) the recitals, schedules and appendix form part of this Contract and references to this Contract include the recitals, schedules and appendix;
- (b) 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;
- (c) words imparting a gender include every gender and references to the singular include the plural and vice versa;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) references to a party shall, except where the context requires otherwise, include its successors in title and permitted assignees; and
- (k) 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:

(a) 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);

(b) 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:

- (a) maintain or replace the Meter (as appropriate);
- (b) perform tests on the operation and accuracy of the Meter if requested by the Licensee;
- (c) upsize or downsize the Meter (as appropriate) if requested by the Licensee; and
- (d) 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:

- (a) it is an Interruptible Supply and the Supply Interruption is performed in accordance with any terms set out in the relevant Data Sheet;
- (b) the Water Supply is affected by an Emergency Event or any actions to prevent the occurrence or limit the effects of an Emergency Event;
- (c) the Water Supply is affected by a Force Majeure Event;
- (d) a Drought Order is made which overrides the terms of this Contract;
- (e) the Water Supply is affected by a Network Event; or
- (f) 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:

(a) 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

(b) 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):

(a) up to the Meter, such Unmeasured Take shall be for the Undertaker's account;

(b) 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 Upon payment of the appropriate administration fee, 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 3.

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:

(a) the relevant Premises; and

(b) 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:

(a) a failure by the Licensee to pay an undisputed amount within 14 days of the date of receipt of the relevant invoice; or

(b) 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:

(a) the Undertaker has assumed or will assume supply of the Premises pursuant to its statutory duties under section 63AC of the Act; and

(b) 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:

(a) the Licensee will cease supplying water to the Premises and the date thereof;

(b) 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

(c) 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:

(a) 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

(b) 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:

(a) 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.

(b) 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.

(c) 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:

(a) refer the Dispute to such alternative dispute resolution process as agreed by the Parties;

(b) refer the Dispute to a Competent Authority where appropriate; or

(c) commence legal proceedings in the Courts.

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

(a) 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

(b) for a judgment for a liquidated sum to which there is no arguable defence; or

(c) the purpose of which is to prevent a claim from becoming time-barred under any statute of limitations.

However, clause 20.4(a) 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(c) 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:

(a) 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.

(b) 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:

(a) in the case of the Undertaker:

Address: •
E-mail: •
Facsimile No: •
Attention: •

(b) 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:

(a) 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;

(b) 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;

(c) 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

(d) 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:

- (a) Exit Arrangements (clause 18);
- (b) Dispute Resolution (clause 20);
- (c) Limitation of Liability (clause 21); and
- (d) 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

Print Name

duly authorised for and on behalf of

Signed by

Print Name

duly authorised for and on behalf of

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 the billing period specified by the Undertaker of one calendar month.

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).

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 relevant Wholesale Charges Scheme and the Charges Terms set out in the relevant Data Sheet.

2. Payment of Charges

2.1 The payment terms shall be those associated with the Wholesale Charges of the Undertaker. Should the Licensee request alternative non-standard payment terms the Licensee should request these in writing from the Undertaker. The Undertaker retains the right to amend the Wholesale Charges based on any amendment to the standard payment terms.

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. The Meter Read shall be taken from the Undertaker's meter unless explicitly agreed otherwise between the Licensee and the Undertaker. 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 of the Undertaker's meter.

2.4 The Undertaker shall issue the invoice within seven (7) working days, or as soon as reasonably practicable thereafter, of the end of the expiry of the relevant Billing Period for the Premises. Such invoice shall be due and payable by the Licensee within 21 days of receipt of the invoice (Due Date).

2.5 Any invoice issued by the Undertaker pursuant to paragraph 2.3 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.

2.8 In the event of a Material Change, the Undertaker and the Licensee may renegotiate the Charges payable under clause 2.1 of this agreement and, if no such agreement is reached within 6 calendar months of the designation of a Material Change, either or both may refer the matter to the Water Services Regulation Authority (the 'Authority') for determination.

2.9 'Material Change' means a change in the Authority's charging policy under section 66D and the costs principle set out in section 66E, which is considered to be material and relevant to a possible change to the Charges due under clause 2.1 of Schedule 2 of this Agreement.

2.10 A new charge resulting from either the renegotiation or the determination mentioned above shall take effect from the date agreed or determined, as the case may be.

3. Charges Adjustments

3.1 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.

3.2 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 Offtake) 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 Offtake provided that the Licensee notifies the Undertaker in writing:

(a) within 30 days if the Fire-Fighting Offtake occurred for the purpose of fire-fighting or, if impracticable, as soon as is reasonably practicable after the date of the Fire-Fighting Offtake; or

(b) no later than 30 days after the date of the Fire-Fighting Offtake if the Fire-Fighting Offtake occurred for the purposes of testing fire-fighting equipment.

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: