



# **ACCESS CODE 1 NOVEMBER 2011**

## **CONTENTS**

[SECTION ONE – OVERVIEW](#)

[SECTION TWO – APPLICATION PROCESS](#)

[SECTION THREE – CUSTOMER TRANSFER PROTOCOL](#)

[SECTION FOUR – CONTROL AND BALANCING OF SUPPLY SYSTEM](#)

[SECTION FIVE – SUPPLY SYSTEM MAINTENANCE AND EMERGENCY PROCEDURES](#)

[SECTION SIX – CUSTOMER CONTACT ARRANGEMENTS](#)

[SECTION SEVEN – SUPPLY SYSTEM CONNECTIONS](#)

[SECTION EIGHT – LEGAL CONTRACT, ARBITRATION AND DISPUTES RESOLUTION](#)

[SECTION NINE – ACCESS PRICING](#)

[SECTION TEN – GLOSSARY OF DEFINED TERMS](#)

[APPENDIX ONE – BRISTOL WATER AREA OF SUPPLY](#)

[APPENDIX TWO – STANDARD CONFIDENTIALITY AGREEMENT](#)

[APPENDIX THREE – DETAILED METHODOLOGY FOR CALCULATING ACCESS PRICES](#)

[APPENDIX FOUR – OPERATIONAL CODE FOR WHOLESALE SUPPLIES](#)

APPENDIX FIVE – COMMON CONTRACT FOR WHOLESALE SUPPLIES

## **SECTION ONE - OVERVIEW**

### **1.1 Role of the access code**

The Access Code is intended to describe the general principles under which access by a third party will be granted to Bristol Water plc's treatment and infrastructure assets and how such access will be managed. The Access Code will form the basis of an Access Agreement between Bristol Water and a licensee to retail water; however precise terms and conditions will be negotiated with each individual Access Agreement.

The Access Code should be consulted in conjunction with our indicative Access Prices, which give indicative prices for retail of water to licensees. These prices should be used only as a guide, as exact prices will be dependent on the details of each agreement.

This Access Code applies to both wholesale supplies and combined supplies. A wholesale supply is whereby a licensee may purchase water from us to re-sell. A combined supply is whereby a licensee wishes to introduce water in to the Bristol Water supply system.

A common contract and operational code for wholesale supply agreements have been agreed between companies, licencees and Ofwat. These can be found at appendices 4 and 5.

This Access Code details the general conditions by which a licensee may purchase water from Bristol Water, to retail to eligible non-household customers. **Non-household customers who consume in excess of 50 megalitres per year are eligible.**

Bristol Water reserves the right to modify this Access Code at any time. Modifications will be published on our website, <http://www.bristolwater.co.uk>

### **1.2 Relevant framework documents**

#### **1.2.1 Primary and secondary legislation**

This Access Code is produced in accordance with the Water Industry Act 1991, as modified by the Water Act 2003. Licensees wishing to form an Access Agreement with Bristol Water should be familiar with this legislation, and take particular note of sections 66A-66C of the Water Industry Act 1991.

Relevant legislation can be found via the following links:

Water Industry Act 1991  
[www.opsi.gov.uk/acts/acts2003/20030037.htm](http://www.opsi.gov.uk/acts/acts2003/20030037.htm)

The Water Supply (Exceptions from Supply System Prohibitions) Regulations 2005  
<http://www.opsi.gov.uk/si/si2005/20053075.htm>

The Water Supply Licence (New Customer Exception) Regulations 2005  
<http://www.opsi.gov.uk/si/si2005/20053076.htm>

The Water Supply Licence (Application) Regulations 2005  
[www.opsi.gov.uk/si/si2005/20051638.htm](http://www.opsi.gov.uk/si/si2005/20051638.htm)

The Water Supply (Water Fittings) Regulations 1999  
<http://www.opsi.gov.uk/si/si1999/19991148.htm>

Competition Act 1998  
<http://www.opsi.gov.uk/ACTS/acts1998/19980041.htm>

### **1.2.2 Statutory and non-statutory guidance**

In producing this Access Code, Bristol Water has followed the guidance of the Water Services Regulation Authority (Ofwat), specifically the document “Guidance on Access Codes” published in June 2005 and subsequently updated. It has also followed the guidance of the DWI, specified in information letter DWI IL 04/00.

The following links to the Ofwat website provide details of the relevant guidance:

[Guidance on Access Codes](#)

[Guidance on Eligibility](#)

[Guidance on Applying for a Water Supply Licence](#)

[Customer Transfer Protocol \(supporting information\)](#)

[Guidance on Strategic Supplies](#)

[Water Supply Licensing Determinations Procedure](#)

[Guidance on Secondary Supplies](#)

[Office of Fair Trading Competition Act 1998 Application in the water and sewerage sectors](#)

Other relevant documentation from the Drinking Water Inspectorate is as follows:

[DWI Information Letter 13/04 Common Carriage: Guidance on the Drinking Water Quality Aspects](#)

[DWI Guidance on the Water supply \(Water Quality\) Regulations 2000](#)

[DWI Guidance on the Notification of Events](#)

### **1.2.3 Conditions of Appointment**

Under the condition of appointment R and S of Bristol Water's Licence, which became effective on 15<sup>th</sup> September 2005, we are required to publish this code in accordance with guidance laid down by Ofwat. Details of the conditions of appointment can be viewed here: <http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/md206>

### **1.2.4 License application guidance**

Potential licensees should obtain a licence from Ofwat prior to the commencement of any negotiations with Bristol Water over an Access Agreement. This includes potential retailers and potential combined licensees. Please refer to the Ofwat website for [details on applying for a licence](#).

### **1.2.5 Information regarding pricing methodology**

Bristol Water has calculated indicative Access Prices, which were published on 1<sup>st</sup> November 2011. These prices are set out in section nine of this document, and on our website [www.bristolwater.co.uk](http://www.bristolwater.co.uk)

## **1.3 Role of key industry players**

### **1.3.1 Role of Bristol Water**

Bristol Water is the appointed water undertaker for the City of Bristol, North Somerset, and parts of the counties of South Gloucestershire, Somerset and Bath and North-East Somerset. A map of the Bristol Water supply area is shown in Appendix 1.

Chapter 2A WIA91 places duties and obligations on water undertakers subject to certain conditions. Bristol Water is obliged to provide the following services subject to the conditions detailed below:

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

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

Where a licensee requests Bristol Water to provide a supply of water, under section 66A WIA91, and the premises are within Bristol Water's area, Bristol Water has a duty to take steps necessary to enable provision of the supply, and having taken those steps to provide the supply.

The terms and conditions on which Bristol Water carries out these duties are agreed with the licensee in accordance with the operational code and common contract.

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

Where a licensee requests Bristol Water's permission to introduce water into its supply system, under section 66B WIA91, and in line with the requirements of the retail authorisation aspects of the combined license, Bristol Water has a duty to take steps to enable the licensee to make the introduction of water into the supply system and having taken such steps to permit the introduction of water into its supply system, as requested.

Where a combined licensee requests Bristol Water to permit the introduction of water, as supplied by a neighbouring secondary undertaker, into its supply system for the purposes of supplying its customers within Bristol Water's area, Bristol Water has a duty to take steps to enable the licensee to make the introduction of the water into its system. This is in accordance with section 66C WIA91. These steps may include connecting Bristol Water's supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, Bristol Water has a duty to permit the introduction of water into its supply system, as requested. Where appropriate, the licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access.

The terms and conditions on which Bristol Water carries out these duties are agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle.

### **ii) Secondary undertaker**

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

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

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

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

Licensees shall identify and communicate at the earliest stages if a secondary undertaker is likely to be included within an application. This will enable potential secondary

undertakers to consult at the earliest opportunity with relevant parties including the primary undertaker, the EA and the DWI, if necessary.

The secondary undertaker will need to understand the demand requirements of the licensee and an indication of the point to which connection to the primary undertaker's supply system is required. It will also need to discuss with the primary undertaker details of the transfer, including the design of pipework and any pumping arrangements that may be required, any water quality issues and whether any facilities need to be constructed.

If Bristol Water is identified as a secondary undertaker within an access application, Bristol Water expects to be involved as necessary in discussions with the licensee and the primary undertaker. Bristol Water expects to receive copies of relevant details during the initial and detailed application stages for comment and to be able to request further details as necessary.

### **iii) Conditions under which duties do not apply**

Section 66A WIA91 documents the circumstances under which the wholesale water supply duty by a primary undertaker does not apply.

The duty to provide a supply of water to a licensee, or to take steps to enable it to provide such a supply do not apply if both the first and second conditions below are satisfied, or if the third condition below is satisfied.

The first condition is that:

- the premises to be supplied by the licensee consist only of land, they do not include a building or part of a building; or
- the supply to be made by the licensee to the premises is for purposes other than domestic purposes.

The second condition is that the provision of the supply by Bristol Water would:

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

The third condition is that there is a contravention, as determined in regulations made under section 74 WIA91 and related to section 66A (6) WIA91, in relation to the water fittings used or to be used in connection with:

- the supply of water to the premises to be supplied by the licensee; or
- the use of water in those premises.

Under sections 66B and 66C WIA91, a primary undertaker has no duty to permit the introduction of water by a combined licensee into its supply system, and under section

66C WIA91 a secondary undertaker has no obligation to provide a wholesale supply of water, if either the first or second condition below is satisfied:

The first condition is that providing the supply or allowing the introduction of the water into the primary water undertakers supply system:

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

The second condition is that there is a contravention of the prescribed requirements of regulations made under section 74 WIA91 in relation to the water fittings used or to be used in connection with:

- the supply of water to the premises to be supplied by the licensee; or
- the use of water in those premises.

### **1.3.2 Licensees**

Licensees are the entrant suppliers under the WSL regime. Licensees are responsible for obtaining a licence appropriate to the activities to be undertaken and will have undergone an assessment of their financial and technical compliance by the appropriate regulatory bodies (Ofwat/DWI). Licensees must comply with the terms of their licence, relevant legislation and the contractual arrangements as set out in access agreements.

Section 66I WIA91 prohibits unauthorised use of a water undertaker's supply system for the purpose of supplying water to a customer's premises, unless done so by the water undertaker or by a licensee under the terms of its licence. Under section 66I (3) WIA91, unauthorised use for the purpose of supplying water to a customer's premises is a criminal offence. Licensees have a duty to assure themselves that the terms of their licence allow for the use of Bristol Water's supply system.

Section 66J WIA91 prohibits unauthorised introduction of water into a water undertaker's supply system. Introduction of water is only permitted by the primary water undertaker itself, or by a licensee under the terms of its licence, or by another water undertaker under an agreement for a bulk water supply. Under 66J WIA91, contravention of this prohibition is a criminal offence. Licensees have a duty to assure themselves that the terms of their licence allow for the introduction of water into Bristol Water's supply system.

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

Licensees have a duty to comply with the eligibility requirements as specified in section 17A (3) WIA91 relating to non-household premises, the threshold requirement, and supply by only one licensee.

### **1.3.3 Ofwat**

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

The Water Industry Act 1991 introduces a new duty to “further the consumer objective”. This is “to protect the interests of consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the provision of water and sewerage services.”

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

Ofwat is responsible for granting water supply licenses 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: http://www.ofwat.gov.uk/competition/wsl/](http://www.ofwat.gov.uk/competition/wsl/)

### **1.3.4 Drinking Water Inspectorate (DWI)**

DWI will need to be satisfied that the licensee is aware of, and understands, its regulatory duties and responsibilities in respect of drinking water quality at the initial licence application stage. Where a combined licensee intends to treat a source of water for potable supply, the treated water cannot be introduced into the public supply system until the DWI is satisfied that the treatment processes meet the relevant regulatory requirements and the works is being operated in a competent manner.

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

Overall, Licensees will be subject to the same level of regulation as Undertakers. Further guidance on the quality aspects of common carriage arrangements can be found on the DWI website at <http://dwi.defra.gov.uk/stakeholders/guidance-and-codes-of-practice/common%20carriage.pdf>

### **1.3.5 Environment Agency (EA)**

The Environment Agency has a duty to secure the proper use of water resources in England and Wales. They monitor water in the environment and issue 'abstraction

licences' to regulate who can take water from the environment and how much they can take.

Water undertakers produce Drought Plans every 3 years, which identify how, during a period of drought, they will continue to meet their duties with as little recourse as possible to drought orders or drought permits. From October 2005 the production and publication of these plans became a legal requirement. The Environment Agency reviews these plans and advises the Government on their adequacy.

Water undertakers also produce Water Resources Management Plans every 5 years; which identify available resources, forecast demand and set out how future deficits may be addressed through either resource development or demand management options. The Environment Agency also reviews these plans and advises the Government on their adequacy. The production and publication of Water Resources Management Plans became a statutory requirement in 2006.

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

In most cases, combined *water supply licence* applicants will require a *water abstraction licence* from the Environment Agency to take water from surface water or groundwater. Every new proposal to abstract or impound water undergoes extensive scrutiny and investigation before a decision is made to grant or refuse an abstraction licence application. There is a need to ensure that water resources are safeguarded and that abstractions do not damage the environment.

Secondary supplies (under section 66C of the Water Industry Act 1991) are meant to encourage use of 'spare water', but the undertaker and the licensee may not be able to agree on how much water the undertaker has 'spare'. In the absence of agreement, Ofwat may be asked to determine whether a supply under 66C should be made, and if so the terms of that supply.

In these instances, the Environment Agency will also play a role in advising Ofwat on whether the criteria for rejecting a proposal for a secondary supply under sections 66C(5) or (6) of the Water Industry Act 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the Environment Agency's website. <http://www.environment-agency.gov.uk/subjects/waterres/564321/?version=1&lang=e>

### **1.3.6 Department for the Environment, Food and Rural Affairs (DEFRA)**

DEFRA is the government department responsible for WSL legislation.

The Secretary of State has issued statutory instruments which govern the competition regime. The Secretary of State may issue further instruments in the future which may

affect the regime. Where this is the case, Bristol Water should revise this access code to reflect relevant changes.

Further information is available on DEFRA's website:

<http://www.defra.gov.uk/environment/water/index.htm>

## **1.4 Definition of services**

Bristol Water will offer services to a licensee for the purposes of supplying water to the licensee's eligible customers, subject to terms and conditions agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle. These services are defined in terms of Bristol Water being either the primary undertaker (section 66A and 66B of the WIA91) or a secondary undertaker (section 66C of the WIA91).

### **1.4.1 Primary water undertaker**

#### **i) Wholesale water supply**

Bristol Water will take steps to enable the provision of the supply, and having taken those steps, provide the supply of water in accordance with section 66A of the WIA91 to the licensee for supply to the licensee's eligible customers.

#### **ii) Introduction of water into the supply system**

Bristol Water will take steps to enable the licensee to make the introduction of water into the supply system, and having taken such steps permit the introduction of water into its supply system, in accordance with section 66B of the WIA91 for the purposes of supply to the licensee's eligible customers.

Bristol Water will take steps, and having taken such steps, permit the introduction of water, as supplied by a secondary undertaker, into its supply system, in accordance with section 66C of the WIA91, for the purposes of supply to the licensee's eligible customers. In some circumstances, steps may include laying such pipes and constructing such other works as are necessary to connect the supply with the pipes in the area of the secondary undertaker.

### **1.4.2 Secondary water undertaker**

Bristol Water will make available a supply of water to a licensee, for supply to the licensee's eligible customers, within the area of appointment of another water undertaker in accordance with section 66C of the WIA91. Bristol Water will lay such pipes and construct such other works as are necessary to connect the supply with the pipes in the area of the primary undertaker.

## **SECTION TWO – APPLICATION FOR ACCESS TO THE WATER UNDERTAKER’S SUPPLY SYSTEM**

### **2.1 Process requirements**

#### **2.1.1 Wholesale applications**

Details of the process for wholesale applications are contained within the operational code and common contract documents, which can be found at appendices 4 and 5. The information in this section relates only to combined supply applications.

#### **2.1.2 Confidentiality agreements**

The new Condition R and Standard Licence Condition 2 impose an obligation on the water undertaker and licensee not to use or disclose information inappropriately. A pre-contract confidentiality agreement must be signed by Bristol Water and the licensee at the start of access negotiations, which will ensure that neither party discloses without consent or misuses information received.

A standard confidentiality agreement is included in Appendix 2.

Any Water Supply Licensing information shared with Ofwat could be affected by the Freedom of Information Act 2000. For Ofwat’s policy on Freedom of Information see their website:

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/access\\_to\\_info\\_home - infothirdparty](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/access_to_info_home - infothirdparty)

#### **2.1.3 Information requirements**

Bristol Water requires the following information to commence the application process:

##### **Stage 1: Initial contact:**

- Contact details for licensee
- Address of registered office
- Companies House number

##### **Stage 2: Preparation of individual contract schedules:**

- Customer details;
  - Name
  - Address
  - Customer’s premises details
  - Estimated annual consumption
  - Usage proportion relating to non-household
  - Special service level requirements
- Intended supply duration
- Signed consent form from customer

- Declaration that customer's premises are eligible.

In addition, information is required to assess the acceptability of water input into the network:

#### **a) Network Assessment**

For the purposes of Network Assessment please specify:

- i. Location of source
- ii. Proposed point of entry to the Bristol Water Network (if known)
- iii. If there are any constraints on the pattern of flow from the source
- iv. Maximum input flow rate
- v. Planned average input

#### **b) Quality Assessment**

For providers of Treated Water from New or Proposed Works:

- i. Please provide details of the composition of the raw water to be treated for each of the parameters listed in section 2.4.1.1 of this access code. Please demonstrate compliance with Regulation 20.
- ii. Please provide details of the target water quality of the treated water for each of the parameters listed in section 2.4.1.1 of this access code. Please also provide details of the proposed treatment process along with an assessment of the ability of the works to maintain a desired level of water quality over a wide range of foreseeable events and to fail safe.

For providers of Treated Water from Existing Works:

- i. Please provide details of the composition of the treated water from the works for each of the parameters listed in section 2.4.1.1 of this access code. Please outline how the water was sampled and analysed and demonstrate compliance with Regulation 20.
- ii. Please provide evidence that the composition of the water reported is typical over a wide range of foreseeable conditions. Please provide a *Cryptosporidium* risk assessment and confirm that it has been sent to the DWI and accepted by them.
- iii. Please provide details of the treatment processes used, the system used to manage the works, and the maintenance policy. Include details of mechanisms designed to ensure that the plant fails safe.

#### **c) Evidence of Licensee's systems for informing BW & customers of emergencies**

### **Stage 3: Detailed Application:**

Further clarification of data provided with the initial application may be required.

#### **2.1.4 Timescales**

The following timescales have been agreed by Ofwat, other regulators and Water Undertakers. Whenever possible Bristol Water will endeavour to keep to these timescales, however it must be recognised that it is not always technically possible to do so. These timescales apply to both retail and combined supplies.

##### i) Initial application

The completed application form from the licensee and signed consent forms from the customers are sent to Bristol Water.

Initial response to application from Bristol Water within 20 working days of all information being received.

Total elapsed time for this stage from initial contact is 40 working days.

##### ii) Detailed application

The completed detailed application that includes responding to any of the issues raised by Bristol Water following the initial application is submitted to Bristol Water. The initial assessment report is copied to the DWI for observation and identification of any water quality issues

Bristol Water has 50 working days to complete the feasibility study and any other investigations required, including negotiation of water quality terms. This will normally involve 10 working days to ask any further questions of the licensee on the application where required information is not fully completed or clear. Bristol Water will then have a further 40 days after receiving all the required data to complete studies, recalculate the Water Resources Plan and to calculate final access prices.

Total elapsed time for this stage from initial contact is 90 working days.

##### iii) Detailed negotiation

This stage commences when a firm offer of access is made by Bristol Water at the end of the detailed application stage.

Discussion of contract terms will normally occur within 15 working days, within which the licensee can accept the terms offered. Any changes to price or non price terms requested by licensees may require a further period of discussion before revised terms can be proposed and discussed.

Bristol Water will issue a formal contract that reflects the final terms within 10 working days.

Both parties will have signed the formal contract within a further 15 working days.

Total elapsed time for this stage from initial contact is 130 working days.

These timescales are likely to be suspended where conciliation, arbitration or dispute resolution procedures are used during the detailed negotiation phase.

### **2.1.5 Application fees**

No application fee will be payable to Bristol Water for the cost of processing an access application. This includes the discussion, negotiation and agreement of terms and conditions of a Wholesale Master Agreement or confidentiality agreement.

After the initial application Bristol Water will determine the extent of any studies that are required before access can be allowed. Bristol Water will provide estimates of the time required to undertake these studies, and the rates at which the time will be charged. The licensee must pay the estimated cost of these studies before any work is undertaken. Any difference between the estimate and the final cost will be settled when the studies are complete.

Section 66(E) of the Water Industry Act 1991 allows Bristol Water to recover any expenses reasonably incurred in performing duties under sections 66A to 66C of the Act. Section 66B of the Act refers to proposals to introduce water into a water undertaker's supply chain.

### **2.1.6 Credit provisions and credit limits**

Bristol Water reserves the right to carry out a credit check and to establish a credit limit for licensees at any time. Where the scale of business with a licensee is such that the credit limit is likely to be exceeded, Bristol Water in its discretion may seek additional guarantees.

These checks and credit limits are made against the same conditions applied to customers on the Bristol Water Major User tariffs, and as such no discrimination is being shown towards any class of customer.

## **2.2 Confirming eligibility**

Section 17A (3) WIA91 sets out the following three requirements that must be satisfied in relation to each of the premises supplied by a licensee:

- The customer's premises are not household premises;

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

Further information can be found in Ofwat’s [guidance on eligibility](#).

### **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 supply water to a customer that breaches any of the eligibility requirements set out above.

In addition, any licensee that contravenes these requirements could face enforcement action by Ofwat under section 18 WIA91 and may incur financial penalties under section 22A WIA91. Alternatively, a licensee could face revocation of its licence in accordance with the Standard Conditions of Water Supply Licences.

A set of premises may change in such a way as to require the threshold to be satisfied a further time. For example, a customer may sell part of its premises so that the original premises is split and is occupied by different customers. Regarding the threshold requirement, as long as the requirement is met at the time the licensee first enters into the undertaking to supply a set of premises, and those premises do not change, those premises can continue to be supplied by the same licensee for the duration of the undertaking even if consumption falls below the threshold.

A licensee should seek its own legal advice if it is unsure whether a customer’s premises are eligible.

### **2.2.2 Boundary Definition**

The WIA91 does not define ‘premises’ for the purpose of assessing eligibility. Premises can include buildings or land. Licensees can only supply customers at individual eligible premises. Each of the premises supplied must be eligible. Customers cannot aggregate consumption at more than one set of premises in order to achieve eligibility, although some groups of properties may constitute a single set of premises in certain circumstances.

There will be a single set of premises in the following circumstances:

- i. The premises are located within a single boundary and a single customer occupies the premise and is liable for water bills in respect of those premises (single boundary premises);
- ii. The premises consist of co-located buildings, other similar structures and/or land which have adjoining boundaries or which are separated only by transport infrastructure and a single customer occupies the premises and is liable for water bills in respect of those premises (common occupation co-located premises); or
- iii. The premises consist of a single building or co-located, separately occupied buildings, other similar structures and/or land with all four of the following characteristics:
  - They have a common landlord or managing agent in respect of the totality of the premises;
  - They have adjoining boundaries or are separated only by transport infrastructure;
  - They are served by a self-contained common water supply system that does not belong to a water undertaker; and
  - A single customer is liable for water bills in respect of the totality of the premises (common management co-located premises).

If premises meet the criteria in paragraphs ii and iii, the criterion in paragraph i cannot be applied to any part of the premises as a means of reducing the area in order to bring the reduced premises within the eligibility requirements.

### **2.2.3 Household/ Non-Household Premises**

Premises that satisfy the single set of premises eligibility requirement must also satisfy the requirements in section 17A (3) (a) WIA91 that the premises are not household premises.

Section 17C WIA91 defines household premises as those in which, or in any part of which, a person has his home. The fact that a person has his home in, or in part of, any premises does not mean that the premises are household premises unless the principal use of the premises is as a home. In its guidance on eligibility Ofwat sets out what it considers to be household and non-household premises for the purpose of the WSL regime.

### **2.2.4 Volume Threshold**

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

### **2.2.5 Supply arrangements for licensees**

Section 17A WIA91 prohibits the supply of eligible premises by more than one licensee. However, a premise may be supplied by a single licensee and one or more undertakers.

### **2.2.6 Attachment to the supply system**

Customers can only be supplied by licensees if they are connected to the supply system. The supply system is defined in section 17B (5) WIA91. It can be summarised as any water mains and other pipes used for the purpose of conveying potable water from a water undertaker's treatment works to customer's premises and any water mains and other pipes used to convey non-potable water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works.

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

### **2.2.7 Customers in debt**

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

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

Further information is available on Ofwat's [CTP guidance](#) section of their website.

## **2.3 Application process**

### **2.3.1 Combined supply arrangements**

#### **i) Stage 1: Initial contact**

Initial contact allows a licensee to express an interest in applying for an access agreement. The licensee should contact Bristol Water and, if necessary, a secondary water undertaker, to discuss issues regarding their wholesale supply or combined supply

application. At this point, the licensee may also wish to notify the sewerage undertaker of the possibility of the customer transferring to another supplier.

Standard Licence Condition 5(8) of the Water Supply Licence (Provision of information to relevant undertakers) requires the licensee to inform any third party sewerage undertaker who provides or will provide services to any premises which are connecting to the water undertaker's supply system for the first time, to enable the sewerage undertaker to start billing the new customers.

If the licensee requires a meeting with Bristol Water to discuss its request for a combined supply or secondary supply, we will endeavour to arrange a meeting within ten working days of the request. At that stage, the licensee will not be expected to reveal the identity of its customers, their consumption or location.

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

The licensee should submit to Bristol Water an application, outlining its proposals for a combined supply.

The information requirements are set out in section 2.1.3.1

Bristol Water will respond to this application setting out any additional details that it requires and the estimated costs of any studies to be undertaken in the detailed application phase.

The licensee's application will be rejected if an application by another licensee to supply the customer has been accepted.

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

To assess the technical feasibility of the application, Bristol Water will require detailed information, including but not limited to that listed in section 2.1.2 of this access code.

Secondary or sewerage undertakers may also require information from the licensee.

Other regulators, in particular the DWI and the EA, may also request information from the licensee, within their roles as defined below in parts v) and vi).

The licensee should inform Bristol Water if there has been any change to the information submitted at the initial application stage, or if further information has become available.

Bristol Water will agree with the licensee the scope and cost of any necessary feasibility studies or tests required to assess the application.

The licensee's application will be rejected if it is impracticable, for example requiring unfeasible hydraulic conditions, if it has unacceptable water quality implications, if there are concerns over the source risk assessment or for national security reasons.

Once Bristol Water is satisfied that the proposal is acceptable and feasible, it will make a firm offer of access, in both price and non-price terms, in writing to the licensee. The offer will be subject to the execution (or modification in writing) by both parties of a formal written combined access agreement, within the meaning of the WIA91.

**iv) Stage 4: Detailed contract negotiation**

At this stage Bristol Water will agree with the licensee a contract, which will include clauses dealing with:

- Payment terms, including frequency
- Arrangements for dealing with any outstanding debt; and
- A Service Level Agreement, setting out the required performance of the licensee, and specific support services to be provided by Bristol Water to the licensee.
- An agreed transfer date (making due allowance for completion of actions under the CTP).

A “Unique Premises Reference Number” is generated at this stage and attached to the property.

These contract negotiations will take place within the timescales detailed in section 2.1.3 above.

**v) Role of DWI**

The role of DWI is in assessing suitability in reference to Water Supply (Water Quality) Regulations 2000. Information on how they will do this is available on their web site. The DWI also has a role in resolving disputes on water quality issues. Where Bristol Water believe that a certain standard of treatment or other measures are required on the licensee’s source before introduction of water into the public supply system can be considered, licensees can ask the DWI at the detailed application stage where they believe that these requirements are unreasonable. The DWI can also impose their own quality requirements on the introduction to the public supply system where they believe there may be a specific risk associated with the licensee’s source of water.

**vi) Role of the Environment Agency**

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

Bristol Water and all other water undertakers produce Drought Plans every 3 years, which identify how, during a period of drought, they will continue to meet their duties with as little recourse as possible to drought orders or drought permits. From October 2005 the production and publication of these plans became a legal requirement. The Environment Agency reviews these plans and advises the Government on their adequacy.

Bristol Water and all other water undertakers also produce Water Resources Management Plans every 5 years; which identify available resources, forecast demand and set out how future deficits may be addressed through either resource development or demand management options. The Environment Agency also reviews these plans and advises the Government on their adequacy. Whilst Water Resources Management Plans are produced at the moment, their production and publication will become a statutory requirement in 2006.

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

In most cases, combined water supply licence applicants will require a water abstraction licence from the Environment Agency to take water from surface water or groundwater. Every new proposal to abstract or impound water undergoes extensive scrutiny and investigation before a decision is made to grant or refuse an abstraction licence application. There is a need to ensure that water resources are safeguarded and that abstractions do not damage the environment.

Secondary supplies (under section 66C of the Water Industry Act 1991) are meant to encourage use of 'spare water', but Bristol Water and the licensee may not be able to agree on how much water Bristol Water has 'spare'. In the absence of agreement, Ofwat may be asked to determine whether a supply under 66C should be made, and if so the terms of that supply.

In these instances, the Environment Agency will also play a role in advising Ofwat on whether the criteria for rejecting a proposal for a secondary supply under sections 66C(5) or (6) of the Water Industry Act 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the Environment Agency's website. <http://www.environment-agency.gov.uk/subjects/waterres/564321/?version=1&lang=e>

A Guide to Potential Abstractors is also available and accessible from the website.

[http://www.environment-agency.gov.uk/commondata/acrobat/abstr\\_lic\\_guide\\_1142993.pdf](http://www.environment-agency.gov.uk/commondata/acrobat/abstr_lic_guide_1142993.pdf)

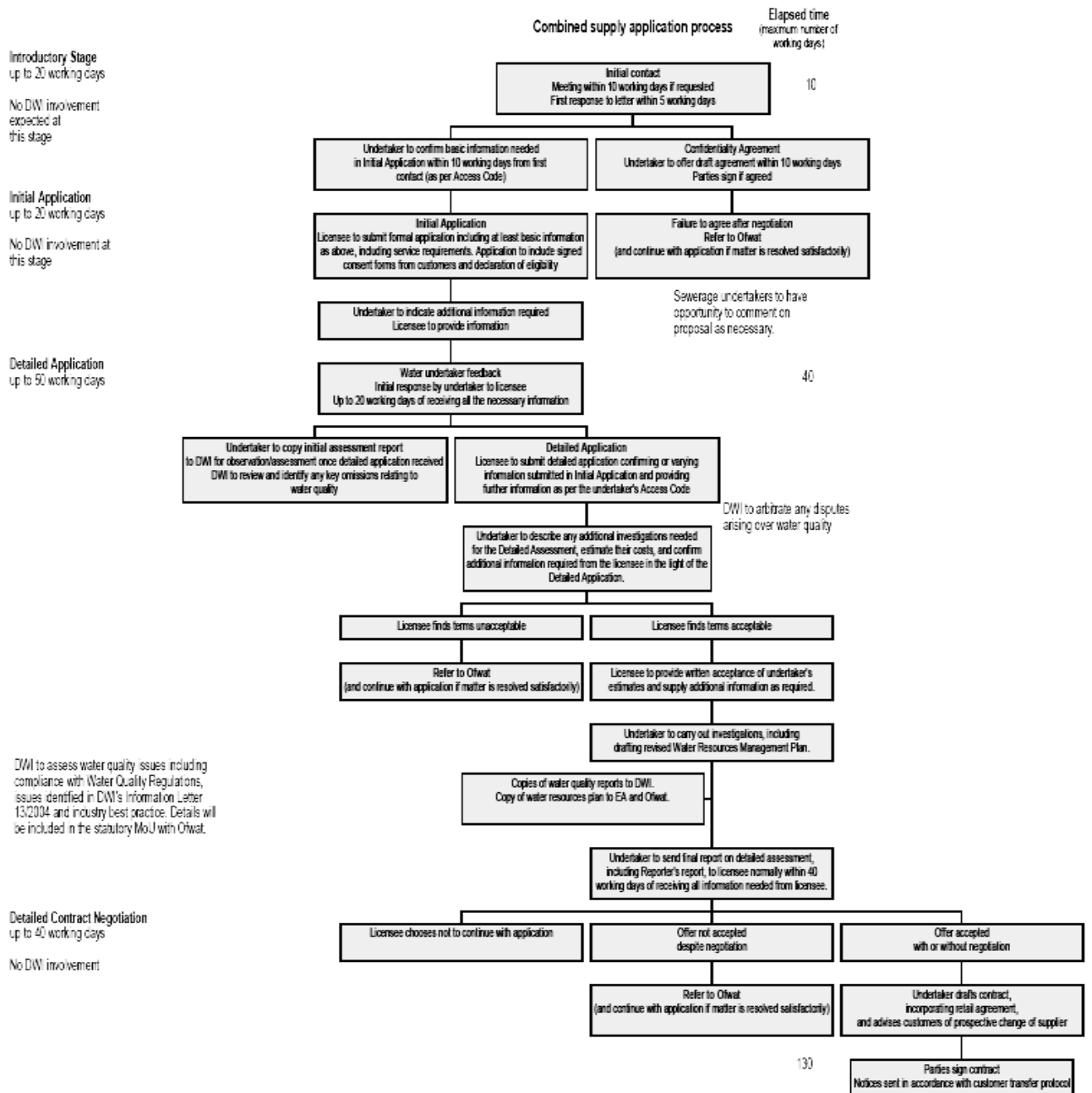
#### **vii) Role of the secondary water undertaker (where applicable)**

Where licensees obtain their source of water from a secondary undertaker they will need to arrange this with them and obtain information from them about this source to provide to Bristol Water in the application.

#### **viii) Provision of information to the sewerage undertaker**

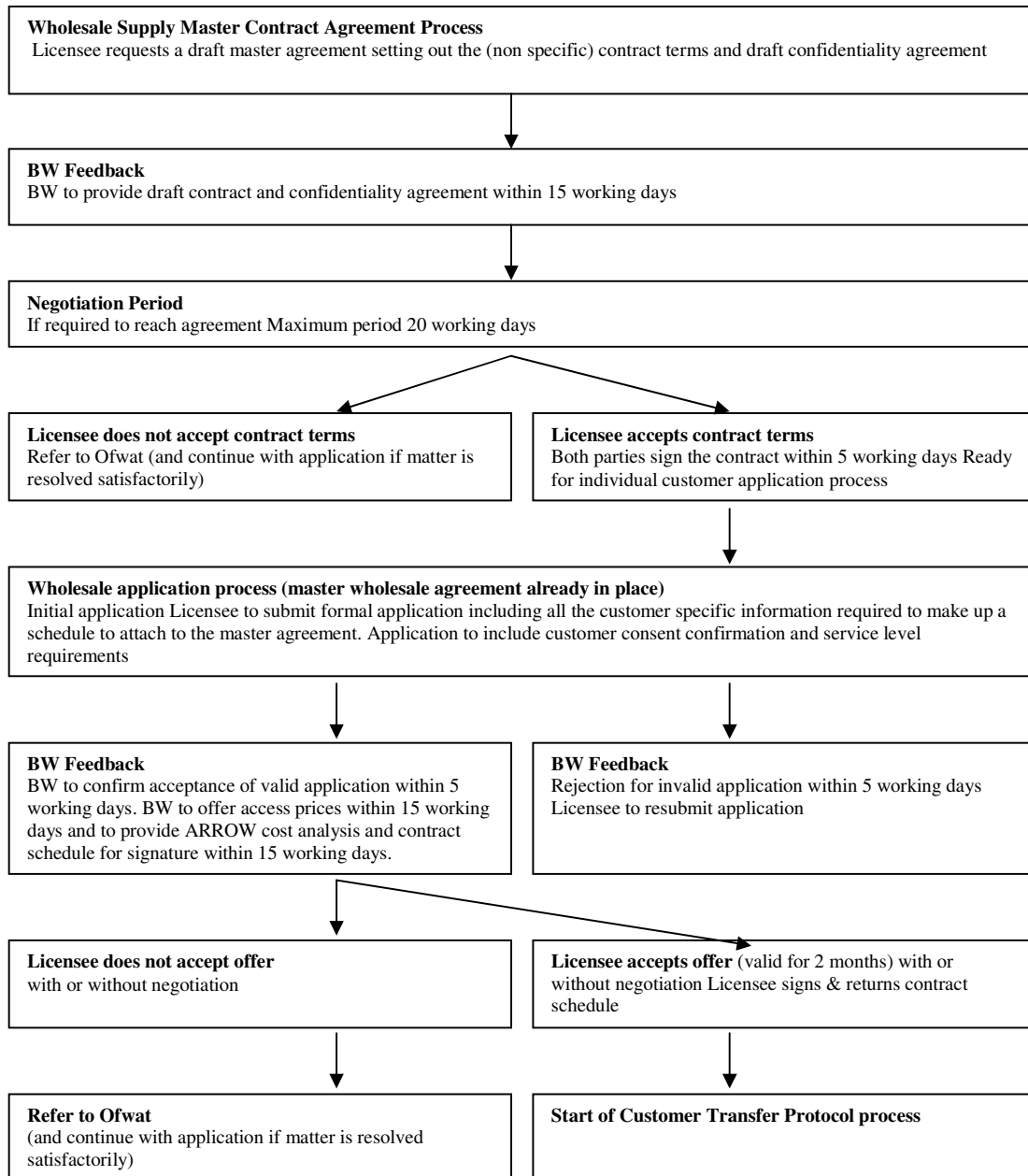
It is the licensee's responsibility to inform the sewerage undertaker who relies on Bristol Water meter readings.

This diagram details the Combined Supply application process:



### 2.3.2 Retail supply arrangements

The retail supply application process is described by the diagram below:



Wholesale water supply by Bristol Water is defined as the sale of water by Bristol Water to a licensee at the point of metering at the customer's premises.

The application process for a wholesale supply comprises two main stages:

- First, the licensee and Bristol Water will agree a master agreement incorporating the main contract terms and general conditions that will apply to individual wholesale agreements between them.
- Second, for each premises, the licensee and Bristol Water will exchange the information necessary to complete the schedule to the master agreement, containing the period, and the terms and conditions relating to the specific premises.

It is the licensee's ongoing responsibility to monitor and ensure that any premises it supplies are eligible.

The licensee will set out in detail what it will require from Bristol Water in order to provide its specified level of service to its customers. The licensee and Bristol Water will agree how frequently data and other information will pass between the two parties. Bristol Water will reply within the timescales as set down by Ofwat, but will inform the Licensee of any delays as soon as they are known.

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

It is the Licensee's responsibility to inform the sewerage undertaker who rely on Bristol Water meter readings. However, in most cases the sewerage undertaker will be Wessex Water, who will receive the meter readings directly via BWBSL.

### **2.3.4 Objections and rejections process**

Bristol Water, licensees (in the case of a customer transferring from one licensee to another), DWI 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 66A-66C WIA91, the following list gives examples of the types of objection that might arise during the application process:

- 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.
- Failure of the licensee to provide a signed declaration from the licensee, to the effect that it believes the premises are eligible.
- 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 person making the objection should give the applicant full reasons for the objection in writing, as soon as possible after that person becomes aware of a problem. Bristol Water will comply with any requests for a meeting to discuss the objections and for parties to seek to negotiate solutions to enable where possible, the application to progress.

If Bristol Water has concerns about the legality of the proposed supply, the matter may be referred to Ofwat by the licensee or prospective customer of the licensee for determination under section 17E(1) WIA91.

If Bristol Water is the primary water undertaker, the licensee may request details of any outstanding debt owed by customers in relation to the premises named in the application. We will make appropriate arrangements for the repayment of any outstanding water debt before the final change of supplier takes place under the CTP. Standard Licence Condition 6 (Customer transfer protocol) and Condition S define debt as charges by the old supplier for a supply of water to customer's premises, which has not been paid for 30 days or more after that supplier served notice demanding payment.

As the debt position or negotiations about its payment might change throughout the application process, the correct point to check the debt position is immediately before the transfer to the new supplier is due to take place. Debt to the sewerage undertaker and other debts should not be reasons for objection to a customer transfer. It is for the licensee to decide whether they wish to take on a customer, having considered its credit record.

If an objection is made to an access application, the licensee may ask Ofwat for a determination where agreement cannot be reached. Ofwat have produced a leaflet '[Procedure for handling water supply licensing determinations](#)' (November 2005) on how they will handle disputes.

If a licensee believes that an application has been incorrectly rejected it should set out in writing why it believes this is the case. Bristol Water will consider such representations carefully and either request further clarification, approve the application or continue to reject it. Bristol Water will set out the reasons for rejection.

## **2.4 Access criteria**

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

Bristol Water require that water introduced by licensees under water combined supply agreements meets the standard of Water Quality (Water Supply) Regulations 2000. In addition we will require that the water quality meets the operational requirements of Bristol Water, to ensure that the quality is acceptable after the effects of mixing and passage through the supply system. This section of the access code sets out guidelines for the quality of water a licensee will be required to achieve. It also covers the accreditation of laboratories used to test the quality of a licensee's water. Before a supply from a licensee commences, a feasibility study must have been completed to ensure that the introduction of water will meet these requirements.

Water undertakers and combined licensees are required to comply with the Water Act and the Water Supply (Water Quality) Regulations 2000. Bristol Water will retain the overall responsibility for the operation of the distribution system. Both parties have a duty to supply wholesome water for domestic and food production purposes and will be subject to the same level of audit and inspection by DWI to ensure that the relevant regulatory requirements are being met.

Bristol Water will need to demonstrate to the DWI that any changes to the output from Bristol Water treatment works as a result of licensee activity are satisfactory in terms of:

- The changes to the works throughput can be managed within the documented operational design guidelines for that works;
- The operational changes will not have an adverse impact on the quality of the treated water leaving the works; and
- The resulting water quality will continue to meet all regulatory and existing documented company operational standards.

Changing the flow routes and points of supply may increase the age of water delivered to some consumers. Several water quality parameters can change in concentration over time in the distribution system. For example, chlorine residuals reduce with 'age of water', whereas the concentration of disinfection by products such as THMs may increase. In addition, there is a greater risk of substances leaching from pipe materials and linings if the contact time with the water is increased. Excessive water age should, therefore, be avoided by licensees following existing Bristol Water documented operational practice as specified in the access agreement.

Residence time in service reservoirs also needs to be assessed to ensure that stagnation does not result. Where this risk has been identified secondary disinfection may require installation with this reflected in the calculated access prices.

Interactions of different sources of water (water mixing) or changing the nature of the water in the system will also need to be taken into account in assessing an application. These factors affect water quality, asset condition and asset life. Where the mixing of different quality water would be likely to affect customers, blending the supply at a

service reservoir may be required to ensure a consistent supply reaches customers. Where the condition of mains will need to change to allow different quality waters to go down the same pipe, the cost of this will be reflected in the access pricing calculation.

It will be assumed unless otherwise specified in the detailed application that the licensee's water will be treated to the same quality as the Bristol Water in the network concerned. This is particularly important for microbiological factors where disinfection should be controlled so that chlorine residuals are acceptable. Licensees should assume that plumbosolvency control, softening, sequestration and corrosion inhibition will be required to the same standards used by Bristol Water in treatment processes.

#### **2.4.1.1 Quality parameters**

A general explanation of the standard against which Bristol Water will assess applications for access is given below. These parameters are largely the customer end of the Bristol Water supply network. Therefore the quality parameters required in the treated water that the licensee inputs into the network will not only be based on these parameters but will vary with each specific access case and will be incorporated in the access agreement based on the findings of the feasibility study.

##### **a) Aesthetic parameters**

This refers to colour, odour and taste. For colour the water should be clear and bright and must be of a standard so that pipework corrosion in the network does not cause discolouration at the tap (20mg/l Pt/Co scale). Some of the parameters below are also determined by Bristol Water on aesthetic grounds.

##### **b) Aluminium**

Must be less than 200 µg Al/l.

##### **c) Biological parameters – Algae/bacteria**

Water must be free of coliforms (0 per 100ml). Where any bacterial coliform organisms are detected in treated water then immediate action must be taken to investigate the source of the contamination. Colony count standards at 22C and 37C must be monitored at the source to identify how this compares to the trends currently in the public supply network. Algal blooms should be absent from the raw water source or treatment must be of a sufficient standard to remove algae at treatment at the peak of when these blooms are likely to occur.

##### **d) Biological parameters – Macro-organisms**

Faecal coliforms and streptococci must be absent from the treated water source on input into the public supply network (0 per 100ml). Sulphate reducing clostridia should be less than 1 per 20ml.

### **e) Cryptosporidium**

Cryptosporidium risk assessment and monitoring history is required on the raw water source to determine whether the treatment type used is appropriate.

### **f) Disinfection residuals**

A conductivity test is required to measure the level of mineral salts dissolved in the water, a maximum of 1500 uS/cm at 20C as an annual average. Sufficient chlorine should be added to supplies to ensure the absence of harmful micro-organisms. However it should not be so high so that taste and odour complaints result in the treated tap water.

### **g) Fluoridation**

Licensees will be required to fluoridate water if this is required by Strategic Health Authorities in the public supply network concerned. None of the SHAs in the Bristol Water supply area currently require fluoridation.

### **h) General Microbiological Quality**

In addition to c), colony count standards at 22C and 37C must be monitored at the source to identify how this compares to the trends currently in the public supply network.

### **i) Hardness and Carbonate Stability**

Total or permanent hardness reflects the influence of carbonates, sulphates and chlorides of calcium and magnesium that may be present in the water. If the supply has been softened there should be a minimum hardness of 60 µg Calcium per litre. Carbonate or temporary hardness should have a minimum of 30mg HCO<sub>3</sub>/l if the public water supply requires softening.

### **j) Iron and Manganese**

Iron may be associated with the corrosion of old iron mains. Iron based compounds are also used in some water treatment processes to remove impurities and should be removed in the process. A standard of 200 µg Fe/l has been set for aesthetic reasons as levels persistently above this standard can give rise to discoloured water. Manganese occurs naturally in many water sources. A standard of 50 µg Mn/l has been set for aesthetic reasons as black deposits of manganese dioxide can give rise to coloured water. Iron and Manganese levels can increase during distribution. Consequently, limits on entry to the distribution system will be lower than the limits at the tap.

### **k) Lead**

Lead should be absent in water entering the water supply. Variable concentrations of lead may be found in the water at customers' taps in older properties built at a time when lead was commonly used in plumbing systems. Plumbosolvency dosing may be required in

some areas in water input into the public water supply system in order to meet a standard of 25 µg Pb/l. This standard will become 10 µg Pb/l from 2013.

#### **l) Nitrate**

Nitrate arises in raw water from the use of fertilizers. A limit of 50mg NO<sub>3</sub>/l is required in water input into the public supply network.

Nitrite arises from the use of ammonia in water disinfection or from nitrate. A limit of 0.1mg NO<sub>2</sub>/l is required in water input into the public supply network.

#### **m) pH – Acidity and Alkalinity Stability**

Excessive acid or alkaline water can contribute to corrosion of pipes and fittings. The required pH level of the water will be assessed on a case-by-case basis, but should be a minimum of 7.2pH.

#### **n) Pipework Operating Regime – Stagnation**

Pipework and water flow through it should be sized to avoid stagnation of treated water. Where networks are of a particular length chlorine booster pumping stations may be required to maintain water quality standards.

#### **o) Polycyclic aromatic hydrocarbons (PAHs)**

PAHs are associated with the deterioration of old coal tar linings which were used until the mid 1970's. Treatment of water is required to ensure that the standard of 0.2 µg/l is not breached. For Benzo 3,4 Pyrene the standard is 10ng/l as an annual average.

#### **p) Trihalomethanes (THMs) and Chlorine**

THMs are formed by the reaction of chlorine with naturally occurring organic compounds in the water. The level of chlorine in treated water needs to be managed to meet the THM standard of 100 µg/l (average over preceding 3 months).

Chloride levels in treated water should be below an annual average of 500 ug Cl/l to avoid taste and corrosion problems.

#### **q) Turbidity**

There should be no haziness caused by fine particles in treated water. The standard required from licensees' treatment works is <1 FTU.

#### **r) Sulphate**

Excess levels can contribute to corrosion, with a standard of 250 mg/l/SO<sub>4</sub>.

#### **s) “Regulation 31”**

Water input into the public supply network should be fit for human consumption and have regard that taste, odour and discolouration

#### **t) Water Discolouration**

Specialist tasting panels are used to examine water for any unpleasant taste of odour. The standard used is Dilution number 3 at 25C. For aesthetic reasons input water itself should not be warmer than 25C.

#### **u) Other parameters referred to in the water quality regulations**

Sodium – 150Na/l  
Potassium - 12mg K/l  
Ammonium – 0.5 mg NH<sub>4</sub>/l  
Kjeldahl Nitrogen – 1mg N/l  
Oxidizability – 5 mg O<sub>2</sub>/l  
Total organic carbon sustances extractable in chloroform – 1mg/l dry residues  
Dissolved or emulsified hydrocarbons phenols – 10µg/l and 0.5µg C<sub>6</sub>H<sub>5</sub>OH/l  
Surfactants – 200 µg/l as lauryl sulphate  
Copper – 3000 µg Cu/l  
Zinc – 5000 µg Zn/l  
Silver – 10 µg Ag/l  
Arsenic – 50 µg As/l Bromate – 10 µg BRO<sub>3</sub>/l  
Cadmium – 5 µg Cd/l  
Cyanide – 50 µg CN/l  
Chromium – 50 µg Cr/l  
Mercury – 1 ug Hg/l  
Nickel – 50 µg Ni/l  
Antimony – 10 µg Sb/l  
Selenium – 10 µg Se/l  
Boron – 1 mg B/l  
Barium – 1000 µg Ba/l  
Pesticides – 0.1 µg/l individually and 0.5 µg/l total  
Calcium – 250 µg Ca/l  
Fluoride – 1.5 mg F/l  
Tetrachloromethane – 3 µg/l  
Trichloroethene – 30 µg/l  
Tetrachloroethene – 10 µg/l

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

Clarification on the mechanisms to administer temporary derogations in the event of emergencies will be made in the access agreements. This will depend on the complexity of the access sought and the results of the risk assessment to consumers undertaken as part of the feasibility study.

The process in general will require the contact nominated in the access agreement for Bristol Water and the Licensee to liaise and implement the agreed plan for dealing with the emergency situation.

#### **2.4.2 Water flow and pressure**

Information on the pressure management of the network and any access requirements for the pressure regime in operation will be highly dependent on the hydraulic conditions resulting from access. Consequently the results of the feasibility study will be used to determine the specific requirements of each case. These requirements will be specified in the access agreement.

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

Before the commencement of a combined supply agreement the licensee will need to demonstrate to DWI and Bristol Water that they can meet the requirements laid out during the application process and specified in the access agreement as well as the general requirements of the Water Supply (Water Quality) Regulations 2000.

Clarification of the regulatory sampling regime and ongoing requirement of the DWI will be made as part of the access agreement, following from the results of the risk assessment in the feasibility study. The access agreement will also specify the circumstances under which Bristol Water can suspend inputs from the licensee source without notice and the communication process that follows this happening. The communication will be made by telephone at the earliest opportunity, and confirmed in writing within one working day.

The access agreement will also specify the laboratory quality assurance standards that are required for water quality monitoring. These in general will need to be equivalent to those used by Bristol Water for its own monitoring. This requires the use of a UKAS accredited laboratory.

#### **2.4.4 Volume measurement**

The requirements for volume measurement will depend upon the particular characteristics of the licensee's scheme. In most cases data logging will be required at the licensee's source, to provide daily and hourly monitoring of the meter through electronic mechanisms. This is to allow Bristol Water to monitor water entering the supply system for network and leakage control purposes. The risk assessment of the licensee source during the feasibility study will establish any variation to this general requirement.

## **SECTION THREE – CUSTOMER TRANSFER PROTOCOL**

For detailed information refer to the Ofwat Customer Transfer Protocol (CTP) available on [Ofwat's website](#):

### **3.1 Principles**

Standard licence condition (SLC) 6 and condition of appointment S require licensees and water undertakers, respectively, to comply with Ofwat's CTP. Relevant sections of the Water Industry Act 1991 (as amended by the Water Act 2003), condition of appointment R and SLC 4 also place a duty on licensees and water undertakers to exchange certain information.

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

- (a) any water undertaker and any licensee; and
- (b) any two licensees.

### **3.2 Rules of behaviour**

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

### **3.3 Data transfer**

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

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

The Bristol Water contact details are as follows:

Company: *Bristol Water*  
Contact Name: *Neil Mullins*  
Email: [ctp.bristolwater@bwbsl.co.uk](mailto:ctp.bristolwater@bwbsl.co.uk)  
Telephone: *01225 524392*

#### **3.3.1 Information exchange and communication**

Data will be transferred using standard formats. The data should be sent by post or electronically to the address specified during the initial contact phase of the access being arranged. This applies to primary water undertakers, licensees, secondary water undertakers and sewerage undertakers.

### **3.3.2 Data dictionary**

Data should follow the standard format and their associated definitions.

### **3.4 Registration and operational processes**

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

## **SECTION FOUR – CONTROL AND BALANCING OF SUPPLY SYSTEM**

### **4.1 Supply system management**

#### **4.1.1 Unbilled water**

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

The licensee should only introduce a sufficient amount of water into the Bristol Water supply system to meet the exact demand of its customer(s).

Water input by licensees into the network should be measured by meter at the point at which it enters the Bristol Water supply network, with no allowance required on input for potential leakage in the supply system. Billing to the licensee will normally be based at the existing meter location, normally at the property boundary.

The same leakage policy allowances for billing will normally be available for water supply access agreements as in place for the customer at the time of switching, although this can be varied by negotiation and reflected in the access price. Where a customer has already received a leak allowance then under Bristol Water's current leakage policy that they are not eligible to receive another leak allowance. This would be reflected in the customer specific terms included in the access agreement.

Any leakage which occurs within the Bristol Water supply system is the responsibility of Bristol Water.

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

The licensee is responsible for all water up to the point of connection to Bristol Water's infrastructure. No allowance will be given for any loss of water, through theft and/or illegal connections. Bristol Water is liable for the theft of water from its supply system up to the point of connection with the licensee's customers, and the licensee (and its customer) are responsible for water thereafter.

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

Bristol Water is responsible for the provision of water for fire fighting purposes. Water undertakers will not charge licensees for water used for the purpose of fire fighting (including the testing of appliances).

Additional special requests for fire hydrants should be dealt with under section 58 of the Water Industry Act 1991 (WIA91). The cost of installation will be recoverable in accordance with section 147 of the WIA91.

#### **4.1.2 Security of supply**

##### **i) Drought Restrictions**

Any water restrictions placed on the network will be obeyed by customers of all licensees connected to the network in the region affected irrespective of the location of the licensee's source. Bristol Water will not be liable for any losses incurred by entrants or Retailers as a result of such an order.

## **ii) Drought and Resource plans**

Consistent with the statutory duty to supply, Bristol Water will retain responsibility for drought planning and the ability to apply for drought orders restricting non-essential use. Where these drought orders are in place, Bristol Water will apply these to all customers without discrimination including those of the licensee. This applies even where under combined supply if the licensee input of water is within normal operating parameters stated in the access agreement and has not been affected by the weather conditions resulting in the drought order being necessary.

Licensees are required to comply with reasonable instructions from Bristol Water in relation to matters covered by statutory drought plans which are not subject to a drought permit or order for a number of specific purposes. A licensee can refer to Ofwat any instructions from Bristol Water that they believe are unreasonable. Access applications should cover the degree of resource reliability and drought protection required which will dictate how the customer will be treated in such circumstances in comparison to the other water customers in the locality.

Bristol Water has a responsibility to produce water resource management plans and the Licensee has responsibility to provide information necessary to do this. Most of the information required to do this on future forecast of volumes will have been provided as part of the water supply application process. However, licensees will be required to update these forecasts on request in order for Bristol Water to meet its resource management responsibilities.

The data that will, on request, specifically need to be provided is:

- Forecasts of the customers future likely demand requirements, including seasonal variation.
- Assessment of the output likely to be achieved from the licensee's source in a normal year and in a year with dry weather. Definitions of 'normal' and 'dry' weather years will be provided to the licensee at the time that the information for the water resources plan update is requested, based on the methodologies outlined in the Environment Agency's Water Resources Planning Guidelines.

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

The requirements for telemetry and control will depend up on the specifics of the licensee's source. Specifications for this will be established as part of the feasibility study into combined supply and included in the access agreement.

### **4.1.4 Secondary connections**

Licensees must prevent secondary connections being made after a licensee has been granted access to the supply system. It is the licensee's responsibility to only supply eligible premises.

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

The Licensee will be given access to necessary maps and plans as part of the application process for water supply licensing. Licensees will be required under the confidentiality agreement to store this information securely due to the security implications of these maps and plans. Bristol Water will restrict access to some of the information where security or copyright implications prevent us from sharing the data in hard or electronic copy, but will ensure that licensees have access to any maps or plans that are necessary for the purposes of water supply licensing. Requests for maps and plans should be made to the Bristol Water contact established as part of the application process or otherwise specified in the access agreement.

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

Licensees must give Bristol Water access to adequate sampling points so that our duties for monitoring water quality can be met. These requirements will be established during the feasibility study of the detailed application phase. Interface control requirements between Bristol Water and the Licensees need to be established before access agreements can be made. Bristol Water will normally require an agreed process to allow us to trigger automatic shut down facilities of the licensees plant should an operational emergency require it.

### **4.2 Metering services**

The Licensee will install a meter at the point of connection, which will be on its own infrastructure. This meter will be of a type selected by Bristol Water, and tailored to suit the telemetry and monitoring requirements of Bristol Water.

#### **4.2.1 Meter Asset Management**

Bristol Water is responsible for the ownership and maintenance of the meter at the supply connection point.

i) Metering solutions available

Bristol Water offers the facility for data loggers to be fitted to monitor the supply to the licensee. These will be fitted in accordance with Bristol Water standard policy.

ii) Meter installation

Bristol Water and an appropriate contractor will assess the required meter installation costs on an individual case basis, and provide an individual quote. Additional meters may

also be fitted to the licensee's supply, again individual quotes will be given. The licensee may make its own arrangement for a meter to be fitted on its own network.

iii) Meter maintenance

Bristol Water is responsible for maintenance of the meter. No charge will be made for maintenance of the meter. Bristol Water will require access to the meter to allow it to carry out any maintenance.

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

Meter calibration and verification can be carried out at the request of the licensee and/or its customer. If the meter is found to be faulty and over-recording the amount of water passing through no charge will be made, and a refund will be made for the excess water charged for. If the meter is not found to be faulty a charge will be made to the licensee. If the meter is found to be under-recording a charge will be made for inspection and replacement of the meter, but no charge will be made for the water used not recorded by the meter.

#### **4.2.3 Meter Reading and Meter Reading verification**

The licensee must read the meter monthly, and provide Bristol Water with the meter reading within 5 working days of the start of each month. A process for the communication of meter readings will be agreed with the licensee in the Access Agreement. The licensee will be responsible for provision of meter readings to the sewerage undertaker.

Bristol Water will read the meter annually. Bristol Water may need to continuously log demand of some customers as part of its leakage monitoring.

In the event of dispute independent verification of the meter will be obtained. Where possible this will be through on-site testing. As a last resort the meter will be removed and sent for testing.

### **4.3 Supply system balancing**

The detailed arrangements for supply system balancing will depend upon the characteristics of the source, treatment and network hydraulics around the entry point to the network.

The feasibility studies will be used as a basis for identifying the most appropriate form of system balancing and arrangements for emergency situations. The details will form part of the access agreement.

Bristol Water is likely to require the ability to be able to cease input to the distribution system from the licensee's source. Such ability will include remote operation via telemetry and physical access on site.

#### **4.3.1 Strategic balancing**

Bristol Water has operational processes in place to achieve optimum operation of the distribution network through ensuring efficiency of pumping plant, best use of energy tariffs, optimal scheduling of pumping and pressure optimization on distribution networks. Where the feasibility study has identified that the licensee application will require a change to the operational processes then the access agreement will require that the licensee must ensure that the input of water is done in a way that meets agreed terms. The amount of treated water storage that the licensee makes available from its resource that Bristol Water can call on into the supply system is likely to form a key element of these arrangements.

In the absence of the customer demand on which the access agreement was based, licensees should be aware that strategic balancing will normally result in Bristol Water requiring the licensee input to fall in line with the customer demand, subject to the overall supply system requirements at any point in time.

##### **i) Annual supply planning**

The licensee must provide details necessary for the annual assessment of available resources and the robustness of those resources throughout the year, with respect to reliability of yield, water quality and planned outages. The information required from licensees in the annual supply planning process and assessment of available headroom is the same as the water volume information required at the detailed application stage, unless otherwise specified by Bristol Water.

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

A strategic supply is a designation that Ofwat can make under sections 66G(10) and 66H(10) WIA91. Where an introduction of water by a licensee is designated as strategic the licensed supplier will be subject to special administration procedures under sections 23-26 WIA91. This means that if the licensee were to fail, either procedurally or financially, special administration would apply and the introduction that had been deemed strategic would continue to be introduced into the Bristol Water's public supply system. This means that the assets relating to the supply would become protected and could only be disposed of in a way that would allow the associated supply to continue. Ofwat can make a determination that a supply is strategic following an application by Bristol Water, or without such an application.

A strategic supply is defined as a supply of water 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 (domestic and non domestic purposes) as well as supplying the licensee's customers with water for domestic purposes.

Licensees should make potential customers aware that the provisions of the WIA91 only protect their domestic purpose use in the event of licensee failure. This includes retail licensees whose customers may not be protected by a strategic supply designation on failure of a combined supply licensee.

Section 24 WIA91 details the situations in which Ofwat or the Secretary of State can apply for a special administration order in relation to a licensee. These include where a company:

- Has been, or is likely to be, in a sufficiently serious contravention of a license condition or a statutory requirement imposed on it because it holds a licence;
- Has been, or is likely to be, in a sufficiently serious contravention of an enforcement order;
- Has taken a sufficiently serious action that has caused a water undertaker to contravene section 37 or section 94 (where applicable) WIA91; or
- Is, or is likely to be, unable to pay its debts.

Bristol Water will assess during the detailed application stage whether a licensee's introduction is likely to require strategic supply designation. This does not preclude application for this status at a later stage but should provide licensees with information for that stage. The factors that will be considered by Bristol Water include:

- The volume of the licensee's introduction that is used for domestic purposes.
- The volume of the water undertaker's headroom in the WRZ (Water Resource Zone) where the licensee's introduction takes place.
- The volume introduced by the licensee relative to total demand in the WRZ.
- The total volume introduced by all water supply licensees relative to total demand in the WRZ.
- The location of the licensee's introduction relative to other water resources in the WRZ.
- The location of the licensee's introduction relative to the geographical pattern of demand in the WRZ.
- Seasonal supply pattern of the licensee's introduction.
- Seasonal demand pattern of the licensee's and other customers.
- The location of the licensees and other customers within the WRZ.
- The volumes of domestic and non-domestic water use by the licensee's customers within the WRZ.
- The relative scarcity of water resources in the WRZ, either physically or economically, with reference to the long run marginal cost (LRMC) figures for that WRZ.
- The security and reliability of the licensee's introduction and others in the WRZ.
- Any other water quality or operational matters that are considered to be relevant, which could include known future demand, distribution issues, dependence on a licensee's introduction to maintain quality or flow direction and whether there are any alternative options for supply in the WRZ.

If circumstances change for a supply, then Bristol Water can also apply to Ofwat for de-designation of a strategic supply. Designation or de-designation can occur at any point during the duration of an access agreement.

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

Bristol Water may provide back-up supplies where the licensee fails to supply a service to its customers. This service may be offered to the licensee or its customers at an agreed cost. The cost and conditions of such an agreement will be established in the access agreement.

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

Where a licensee serves a notice of disconnection to a customer or fails to supply the service required for some other reason, then the licensee will cease to supply the customer's premises with water. The interim supply duty for domestic and non-domestic use purposes on Bristol Water under section 63AC WIA91 applies immediately, ensuring that the customer continues to receive water for up to three months. This duty to supply does not apply if it would put at risk Bristol Water's ability to meet its existing supply obligations and its probable future obligations to supply water for domestic purposes or require unreasonable expenditure to do so. The interim supply duty applies until Bristol Water serves a notice of disconnection. This cannot be served within the first three months of the water supply being made.

The charge to the customer will revert to the standard retail tariff applicable when the interim duty of supply is revoked.

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

Bristol Water has no interruptible customers or interruptible tariffs.

## **4.3.2 Flow balancing and reconciliation processes**

These processes may apply to potable and non-potable supplies, as appropriate to the specifics of the agreement and the supply system involved.

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

To allow Bristol Water to produce Water Resource Plans and forecast demand, licensees must produce accurate forecasts of the demand from their customers.

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

The forecast input of water by the licensee, the period of the forecast and usage by the licensee's customers will be specified in the access agreement. Parameters for the input of water by the licensee will have been specified and the access price based on those offered. These parameters are designed to build into the access price a degree of usage

and input water flexibility so that accounting for demand and supply imbalances is not necessary. Specific access agreement terms will be negotiated to suit licensees, their customers and Bristol Water in relation to this.

The section below contains details of how charges and reimbursements will be raised where actual demand or supply falls outside of these parameters. Details of processes used in forecasting network demands and determining actual usage will be similar to the information required in the application for combined supplies. This level of data should be sufficient in order for Bristol Water to update the Water Resource Plan. Licensees must provide supply system usage forecasts for their customers when required by Bristol Water to allow Water Resource Plans or other usage forecasts to be completed.

### **iii) Imbalance accounting**

Imbalances can occur where parameters of water input and output fall outside of those agreed as part of the access agreement and built into the access price. The access agreement will specify how these imbalances will be dealt with, based on the following principles. The purpose of imbalance accounting is to ensure that the cost principle is adhered to.

The following information will be of relevance in deciding what imbalance accounting is required in the access agreement:

- Forecasts of supply and demand, including planned outages and maintenance.
- Notification of deviation from forecasts.
- A requirement for the licensee to introduce a volume of water, equivalent to its customer's exact demand, into the Bristol Water supply system at agreed intervals and disregarding the customer's actual consumption.
- Reconciliation of input and demand at periods to be agreed between the water undertaker and the licensee.
- Financial adjustments for over-supply and under-supply as agreed between Bristol Water and the licensee.

Potential processes to assess the imbalance between the following scenarios are set out below:

#### **a) Licensee forecast input and customer forecast usage**

Where a licensee's forecast input and the customer's forecast usage fall out of balance, a temporary change in the forecast future balance that results in Bristol Water having to treat more water will result in a charge at the marginal cost of treating, and possibly distributing, the water. This will vary but will in most cases be the same resource saved in calculating the original access price. Where the imbalance is more permanent or significant enough to require extra pumping costs around the distribution system then this will also need to be reflected in the extra charge.

Where there is a temporary imbalance that results in Bristol Water having to treat less water than a reimbursement may result based on the resource saved as calculated in the original access price. This should in normal circumstances not be required as it is sufficient to reflect the impact of the volumetric rate discount on the access price that has been calculated on the forecast volume usage by the customer.

**b) Licensee forecast input and actual input**

Where a licensee actual input falls below the original parameters of the forecast input then the extra costs will be calculated on the marginal resource treatment and distribution costs used in calculating the original access price discount. For a more permanent shortfall it will be necessary to recalculate the Water Resource Plan to see if any schemes delayed as a result of the forecast input now need to be advanced, with the likely result being to lower the access price discount.

**c) Licensee actual input and customer actual usage**

Where a licensee actual input and customer actual usage falls out of balance, past charges can be adjusted through the same mechanism as forecast imbalances being used to adjust the future access prices in the access agreement.

**d) Customer forecast usage and actual usage**

Where customer forecast usage is different from actual usage, accounting for the imbalances would normally not be required unless adjustments for differences between the access price discount at the forecast usage and the discount received at the actual usage are specifically requested in the access agreement. Customer usage is based on the actual meter reading.

**iv) Reconciliation processes**

Unless otherwise agreed in access agreements, imbalances in future forecasts from those used in calculating access prices will be carried out on an annual basis with the future access price amended as a result. Unless otherwise agreed in access agreements, imbalances from actual usage or input differences from forecast parameters should also be carried out on an annual basis. This is to avoid adjustments from imbalances on actual data being triggered where the differences are short term in nature. Imbalances should not be triggered based on estimated meter readings.

Bristol Water does not charge on a seasonal basis, and does not require a peak season and off-peak season reconciliation.

## **SECTION FIVE – SUPPLY SYSTEM MAINTENANCE AND EMERGENCY PROCEDURES**

The communication of all planned maintenance, by Bristol Water or the licensee, will be via the processes agreed as part of the access application process and documented within the terms of the access agreement.

### **5.1 Diagnosis of system issues**

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

##### **i) Responsibilities of Bristol Water**

Bristol Water will accept responsibility for:

- The maintenance and interrogation of IT systems to anticipate any potential supply system problems
- Responding to any system alarms, by implementing the appropriate emergency procedure
- Informing the licensee of any supply system problems, an estimate of the timescales involved, and what action should be taken.
- Co-ordination of all emergency information, and communication to the licensee the status of the operation to restore normal supplies.

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

The licensee will be required to accept responsibility for:

- Providing the necessary information to Bristol Water to highlight any potential supply system problems. This information will include (but is not necessarily limited to) customer complaints regarding volume of water input, water quality, pressure variations and supply interruptions.
- Providing and maintaining a register of “special consumers”, as defined in Bristol Water’s licence condition R 8(6).

#### **5.1.2 Quality Issues**

Bristol Water retains responsibility for the quality of water in its supply system. The licensee will be responsible for ensuring that the quality of the water it introduces into the Bristol Water supply system is of at least an equally high standard.

Section 5.1 of the Ofwat Access Code Guidance details the quality requirements which undertakers and licensees must adhere to, as follows:

*“Water undertakers treat their water to a higher standard than specified in the relevant water quality Water Supply (Water Quality) 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, smell, appearance and hardness. Please refer to 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 the water undertaker does not communicate that information properly and as a result the licensee incurs unnecessary costs, the water undertaker is expected to bear those costs.*

*If a water undertaker is required under section 87(1) WIA91 by a strategic health authority or the NAW to add fluoride to its potable water supplies then it should require any combined licensee to fluoridate water introduced into the water undertaker's supply system. The licensee should obtain an indemnity (if needed) under section 90 WIA91 from the appropriate authority.*

*A water undertaker must 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<sup>50</sup> water or at the risk of committing an offence under section 70 WIA91 (that is, the offence of supplying water unfit for human consumption).*

*The licensee is required to notify the water undertaker 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 license conditions.*

*Water undertakers and licensees will have regard to DWI's guidance on common carriage and the maintenance of drinking water quality and any updates that DWI might produce. They should seek the advice of DWI if they need further clarification of the guidance in certain circumstances. They should also comply with DWI's advice in resolving disputes between themselves. We will seek advice from DWI as appropriate when disputes are referred to us for determination.*

*A water undertaker should permit a licensee to carry out its own monitoring and testing activities, as long as it uses a laboratory that meets the requirements set out in the Regulations. A licensee must, in compliance with the Standard Conditions of Water Supply Licenses, provide information to water undertakers regarding all reasonable sampling information requests where this relates to a water undertaker fulfilling its statutory duty to supply wholesome water. A water undertaker may provide sampling and monitoring services to a licensee for a reasonable charge, calculated on a commercial basis.*

*Any organisation seeking a combined licence to introduce water into a water undertaker's supply system must satisfy DWI during the licence application process that it is suitable to do so. The conditions of the licence will prohibit the licensee from introducing water into the supply system until it can demonstrate to DWI that it is meeting the Regulations. The conditions of the licence will also require ongoing compliance with the Regulations and other relevant water quality provisions. DWI considers that, as long as this guidance is followed, the introduction of water by a licensee can operate without impairment to water quality. It believes that trial periods should not be used in any combined supply situation. We accept this view. Water undertakers should use network modelling to assess the potential effects of a proposed combined supply on water quality and should follow DWI's guidance. If, after the network modelling exercise, the parties are still in doubt about the effect of a proposed combined supply on water quality issues, they should consult DWI, who will review the available evidence and assess the implications.*

*Some customers have business processes that are particularly sensitive to changes in the source of the water they receive or to significant fluctuations in water quality, for example in hardness or conductivity. Licensees and water undertakers will need to take such matters into account when agreeing a combined supply."*

The licensee must immediately report to Bristol Water any situation likely to impact upon the quality of water in the distribution system. This will include (but is not necessarily limited to):

- Informing Bristol Water of any variation in raw water quality that may affect the characteristics of the water introduced into the supply system
- Informing Bristol Water of any changes in the agreed dosing regime of treatment chemicals.
- Providing information of water quality parameters that would impact the water quality parameters required by the DWI reporting criteria.
- Informing Bristol Water of any change in agreed pumping regimes that would adversely impact on the maintenance of water quality in the Bristol Water supply system.
- Advising Bristol Water of any other changes to operational practices that would affect the quality of water introduced to the Bristol Water supply system.

### **5.1.3 Hydraulic issues**

The introduction of water by licensees may increase or decrease pressure in different areas in the system. Velocity of water in a particular main may also increase or decrease. Low pressures may lead to inadequate supply or, in the extreme, ingress of potentially contaminated water. High pressures will increase leakage and may cause additional leaks or bursts. Where a peak velocity in a pipe is increased, there is a risk that deposits will be suspended and cause discoloured water. This risk also applies if flow directions are reversed.

Licensees are required to collect data on reports of inadequate pressure and unplanned supply interruptions at customers. This data should specify details including the length of the incident concerned. This data should be reported to Bristol Water on a monthly basis. Customers should note that Bristol Water is not liable to make a payment under Guaranteed Standards Scheme (GSS) for any unplanned supply interruptions or inadequate pressure experienced by the customer of a licensee.

Licensees must ensure that their introduction of water is within the parameters agreed so as to avoid hydraulic issues. Charges can be imposed under the access agreements as part of the flow balancing where costs are incurred because the introduction falls outside the parameters agreed.

Changing the flow routes and points of supply may increase the age of water delivered to some consumers. Several water quality parameters can change in concentration over time in the distribution system. For example, chlorine residuals reduce with 'age of water', whereas the concentration of disinfection by products such as THMs may increase. In addition, there is a greater risk of substances leaching from pipe materials and linings if the contact time with the water is increased. Excessive water age should, therefore, be avoided by licensees following existing Bristol Water documented operational practice as specified in the access agreement.

Residence times in service reservoirs also need to be assessed to ensure that stagnation does not result. Where this risk has been identified secondary disinfection may require installation with this reflected in the calculated access prices.

Use of pressure sustaining valves or pressure reducing valves may be required on water input into the network or at customer premises in order to ensure that hydraulic issues are adequately dealt with.

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

Exchange of water quality and hydraulic data should be made on the spreadsheet provided by Bristol Water and sent to the registered contact specified in the access agreement.

The information required from licensees and the information flows will be specified in the access agreement. This will include (but is not limited to):

- Daily monitoring information.
- Planned maintenance/interruption arrangement.
- Ongoing system balancing.
- Emergencies and incident management.
- Metering information.
- Water quality data, including contamination issues.
- Levels of service feedback from the customer.
- Notice of changes in operation or water quality at the licensee's plant and any failures or out of specification performance.

#### **5.1.5 Reporting procedures**

Emergency contacts should be made by the licensee or the customer to the Bristol Water 24-hour operations room, on 0845 702 3797.

Licensee should specify an emergency point of contact which Bristol Water can call should the need arise.

Licensees should inform Bristol Water immediately in writing of any change in licensee contact details or customer emergency contact details from those specified in the access agreement. Licensees should put in place a notification process for any temporary rather than permanent changes in contacts through a similar notification letter, which specifies the date range within which the change in contact should apply.

Bristol Water will follow a similar procedure in informing licensees of similar changes. Where appropriate and in particular for emergency contact information, licensees should notify customers of these changes in procedures and contacts.

## **5.2 Planned system maintenance**

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

#### **a) Responsibility of Bristol Water**

From time to time it is necessary for Bristol Water distribution to take treatment works, service reservoirs, and mains out of service for inspection, maintenance, repair and renovation. Where such actions prevent supply by a licensee's source the outage will be treated as a planned outage. Where possible, the licensee will be informed of such activity in advance.

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

A licensee requiring a source outage should make an application through the Bristol Water sources committee, which meets monthly. Where possible, an outage will be granted as soon as reasonably practicable given current and anticipated demand conditions and timings of other planned work. During dry periods a considerable period might elapse before an outage is allowed.

### **5.2.2 Specification of assets**

Assets covered by planned maintenance schedules for water supply licensing include the public water supply network, the connection to the licensee's source, meters, fire hydrants and any other equipment specified in the access agreement as being Bristol Water's responsibility to maintain.

### **5.2.3 Maintenance standards**

No GSS or other compensation payments will be eligible to licensees or customers of licensees unless specified in the access agreement. However, Bristol Water will still treat licensee's customers the same as other customers connected to the network with regard to providing an equally high level of operational service. Where Bristol Water falls short of our own internal or Ofwat's standards we may consider making ex gratia payments as we would for any other customers.

Access agreements will cover the maintenance of the licensee's assets to give Bristol Water assurance that the appropriate maintenance necessary to maintain a reliable supply is carried out. Access to the relevant assets will be agreed along with performance criteria to ensure that the integrity of the distribution system as a whole is maintained.

#### **5.2.4 Risk assessment processes**

From time to time Bristol Water will carry out risk assessment exercises on parts of its water supply network. Licensees are required by Standard Licence Condition 5 to provide whatever information is necessary in order for these to be carried out. This information will normally be of a similar nature to that provided for water quality reasons under the access agreement.

### **5.3 Unplanned system maintenance**

An unplanned outage is considered to occur when a source ceases to provide water, or water of the required quality, due to mechanical breakdown, improper operation or other reason and where an application for an outage through the sources committee has not been granted.

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

It is the responsibility of the licensee to inform customers of unplanned maintenance that may affect their water supply. However, where there are operational needs, Bristol Water will provide information to customers directly. This may include a wider definition of information if this is specified in the access agreement.

##### **i) Responsibility of Bristol Water**

Bristol Water is responsible for informing the licensee of any unplanned maintenance where the access agreement specifies that this is required.

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

The licensee is responsible for informing Bristol Water of any unplanned interruptions that it becomes aware of that require maintenance. They are also responsible for informing the customer of unplanned maintenance incidents that are not defined as emergency situations in the access agreement.

#### **5.3.2 Risk assessment processes**

Bristol Water or licensees may require each other to be involved in a risk assessment exercise so that customers' needs in terms of avoiding unplanned maintenance caused interruptions can be assessed.

### **5.3.3 Emergency notices**

Bristol Water will be responsible for notifying customers of any emergency incident. Bristol Water will also inform the licensee as soon as practicable.

Where the licensee is aware of the incident, in particular of the source, the licensee should have procedures in place to notify the customer(s) and Bristol Water immediately.

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

### **5.4.1 Status classification**

The safety aspects of unplanned and emergency work will depend upon the particular characteristics of the supply. Status of events will be defined depending on the results of the feasibility study and set out in the access agreement.

Events can include:

- Routine events requiring no specific action that will be reported through the normal periodic reporting specified in the access agreement
- Standard emergency events where the emergency does not have an immediate or imminent impact on customers in general, the licensee's customer or the wider environment and where action has been automatically put into place to mitigate the impact on these customers or the wider environment.
- Major emergency events where the emergency does have an immediate or imminent impact on customers in general, the licensee's customer or the wider environment and where action is required to put in place measures to mitigate the impact on these customers or the wider environment.

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

Emergency reporting procedures will be defined depending on the results of the feasibility study and set out in the access agreement.

Licensees and customers should always inform Bristol Water of any emergency situation at the earliest possible opportunity, on 0845 702 3797.

If it is the responsibility of Bristol Water to resolve the emergency situation, Bristol Water will take the steps required to resolve the situation in a timescale appropriate to the case in

hand. Bristol Water will advise the licensee's emergency contact and the contact at the licensee's customer of any action they should take as a result of the incident.

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

Water undertakers and licensees are required to notify the relevant bodies, as detailed in the Security and Emergency Measures (Water and Sewage Undertakers) Direction 2005, of any incident that may affect drinking water quality or sufficiency of supplies. Licensees are required to inform the relevant contact at Bristol Water of any incident that would put Bristol Water at risk of supplying unwholesome water or at risk of committing an offence under section 70 WIA91 and that may affect drinking water quality.

Licensees must adhere to separate requirements, as detailed in section 208 WIA91.

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

In the event of contamination of a licensee's source, the licensee must cease to supply immediately. Where the contamination is discovered by the licensee it will inform Bristol Water immediately through the agreed emergency contact protocol and give its best estimate of the maximum duration that the source has been contaminated. Where the contamination is discovered by Bristol Water it will inform the licensee immediately. Bristol Water will implement its emergency procedures at the appropriate level. The entrant must co-operate fully with Bristol Water to minimise the impact of the incident.

In the event of contamination from a licensee's source entering the distribution network an investigation to determine the cause of the incident will be undertaken by Bristol Water. The access agreement will specify that the licensee must comply fully with such an investigation notwithstanding any other investigations that may be initiated by other relevant bodies. Where the licensee is found to have been in serious breach of its own maintenance and operations policies, then the agreement under which it has access may be terminated.

The access agreement will require that the licensee is required to disclose all quality incidents to Bristol Water.

Bristol Water will treat all customers equally in line with current procedures in the event of an emergency, irrespective of whether the customer is supplied by a licensee or by Bristol Water.

Any remediation costs, including compensation, arising as a result of a contamination incident from a licensee's source will be borne by the licensee.

In the event of an emergency any licensee must respond as soon and as fully as possible to all requests by Bristol Water. Such requests might include input flow above or below contractual limits or alteration to chemical treatment processes.

All licensees will be informed in the event of a significant incident impacting upon one or more of its customers.

All licensees have a duty to take part in emergency exercises with Bristol Water where required, and must have a documented set of robust emergency procedures.

All licensees must comply with all obligations placed upon them under the Security and Emergency Measures (Water and Sewage Undertakers) Direction 2005.

Licensees should be aware of and comply with the requirements placed upon them by section 208 of the 1991 Water Act.

## **5.6 Customer protection**

### **5.6.1 Special Response Customers**

Special response customers are those who require additional services from a water company, as defined by Bristol Water's licence condition R 8(6). This might include those requiring water for medical purposes. Bristol Water maintains a register of all such customers within its supply area. It is the responsibility of the licensee to identify any such needs amongst its customers and to notify Bristol Water of any changes to these needs where these are supplied to an eligible customer.

### **5.6.2 Large scale customer warning procedures**

Where a large number of properties or geographic area is affected by an event, Bristol Water will inform all customers irrespective of whether they are supplied by licensees.

### **5.6.3 Emergency compensation payments**

Bristol Water has no direct relationship with the licensee's customers, and as such the customers are not eligible for any compensation payments from Bristol Water.

Licensees can include in the access agreement how compensation for emergency situations should be dealt with. It is then up to the licensee how they compensate their customers. Any specific cases where Bristol Water is directly at fault will be dealt with on a case by case basis.

### **5.6.4 Emergency operational planning exercises**

Licensees are required to co-operate with any emergency operation planning exercises that Bristol Water wish to carry out. Sufficient notice will be given to licensees of the timing of these exercises, which are required to test that emergency procedures are working.

## **5.7 Support processes**

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

The access agreement will specify a press liaison contact by the licensee so that joint statements about incidents can be made where appropriate.

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

Where Bristol Water receives a relevant severe weather warning this will be communicated to the nominated contact at the licensee specified in the access agreement. This will also be communicated to a nominated contact at the customer for emergency situations if appropriate.

### **5.7.3 Emergency contacts**

Bristol Water has a duty to maintain a register and procedure for emergency contacts. Licensees have a responsibility to inform Bristol Water of any changes to the contact or of any other information that would result in a change to the emergency contact procedure

#### **i) Responsibility of water undertakers**

The duties of Bristol Water with regard to emergency contacts are to maintain the procedure and to take whatever action is required to meet its obligations towards the public supply system.

#### **ii) Responsibility of licensees**

The duties of licensees for emergency contacts are to comply with the terms of the access agreement and with their legal responsibilities, including to both Bristol Water and their customer(s), as set out in their licence conditions.

## **5.8 Reportable situations**

Where there are events in the public water supply network, at a licensee's source or events that are reportable to external bodies such as the DWI, HSE, EA and Environmental Health, licensees must inform Bristol Water as well as the relevant body.

Bristol Water will inform licensees where they are aware of any reportable situations that affect either the licensee's source or its customer.

## **SECTION SIX – CUSTOMER CONTACT ARRANGEMENTS**

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

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

Licensees will be responsible for arranging for a customer meter reading and providing it to Bristol Water on a monthly basis. Bristol Water will take its own meter readings for audit and network balancing purposes as required. Bristol Water may need to continuously log demand of some customers as part of its leakage monitoring.

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

Bristol Water will bill the licensee for water used under the access agreement on a monthly basis. Separate bills will cover other services and network rebalancing charges/credits as necessary. Payment terms with licensees are a standard 30 days after date of invoice, unless otherwise agreed in the access agreement. Interest can be charged on bills outstanding after this period at an interest rate consistent with that used in calculating the licensee's bill. Large user discounts are given on the condition that payment is received within 30 days. Where invoices are outstanding for more than 90 days Bristol Water reserves the right to declare the licensee in breach of the access agreement and that billing for water supplied to the licensee to revert to the standard retail rate applying to that customer.

#### **6.1.3 Operational Issues**

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

Customer contact for operational queries and complaints, except in an emergency, should be made through the licensee. If operational queries and complaints are made directly to Bristol Water then it will inform the licensee and address the query using the normal procedure.

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

Sewerage queries should be directed to the sewerage undertaker. The licensee should arrange with the sewerage undertaker the procedure for handling these queries.

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

Complaints from a customer should be handled by the licensee in the first instance. Where appropriate the complaint may then be passed to Bristol Water. Where Bristol Water fails to resolve a complaint to the satisfaction of the licensee and/or the customer, they can refer the matter to the Consumer Council for Water, should the matter be of significant concern.

### **6.1.5 Obligations on Bristol Water**

Bristol Water will deal with all complaints in an open and constructive manner and will provide a written response to the licensees setting out any issues that may be significant to the customer.

A licensee may make a written request to Bristol Water for an investigation of an issue affecting it or its customer. The result of this investigation will be communicated in a written response from Bristol Water to the licensee.

### **6.1.6 Obligations on licensee**

Licensees should make Bristol Water aware of any issues promptly and constructively so that they can be resolved without the need for escalation wherever possible. Licensees should provide relevant contact details and customer support arrangements, including systems to record information from customer contact details and to identify reportable issues.

### **6.1.7 Disconnection**

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

If Bristol Water terminate the access agreement with the licensee then the interim supply duty provisions (section 63AC WIA91) would immediately apply, ensuring that the customer continues to receive water for up to 3 months. The interim supply duty does not apply if it would put at risk the Bristol Water's ability to meet its existing supply obligations and its probable future obligations to supply water for domestic purposes or require unreasonable expenditure to do so.

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

Customer protection issues are also considered under section 5, Maintenance and Emergency Procedures.

### **6.2.1 "Special Consumers"**

Bristol Water has a duty to ensure that "special consumers" are considered in the customer contact arrangements for emergencies and events. To do this Bristol Water keeps a register of customers' specific needs. Licensees must provide information on its' customers in order for Bristol Water to keep this information up to date.

### **6.2.2 Large scale customer warning procedures**

Where a large number of customers, including “special consumers”, need to be informed of an incident, Bristol Water will inform the licensee when such an incident affects or may affect its customers.

### **6.2.3 Obligations on water undertakers**

Bristol Water is obliged to establish customer contact arrangements for emergencies and events. To be included in the register of “special consumers” customers can apply by post, telephone or email. Special services are also offered by company employees visiting customers. Once a customer is placed on the register they remain there until the company is advised otherwise.

### **6.2.4 Obligations on licensees**

Licensees are required to inform Bristol Water of any changes to the information on “special consumers” needs to which it becomes aware. Licensees must provide their customers with details of Bristol Water’s emergency procedures.

## **SECTION SEVEN – SUPPLY SYSTEM CONNECTIONS**

Bristol Water has the following duties with respect to network connections:

- Duty to connect the licensee's source to the network.
- Duty to connect qualifying premises to the network.
- Duty to connect a secondary undertaker's network to the primary undertaker's network.

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

Licensees should identify where possible at the initial application phase where they require their source to be connected to the Bristol Water network. At the detailed application stage information will need to be provided to allow Bristol Water to establish the process and to estimate the costs of making the connection. Licensees are required to pay the costs of making this connection before the work commences.

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

Qualifying premises will normally be already connected to the Bristol Water network. No change in ownership of pipes or meters is required under the water supply licensing regime. Where the licensee identifies that a new connection is required, for instance to the licensee's source direct to the customer's site, then this should be identified at the detailed application phase. Details of meter location and connections will be required to be provided to the sewerage undertaker.

### **7.3 Connection of secondary water undertaker's supply system to Bristol Water's supply system**

Where a licensee requires a secondary undertaker's network to be connected, it is the responsibility of the licensee to arrange this with the secondary undertaker. Details of this connection should then be provided at the detailed application phase and any issues identified by Bristol Water should be communicated by the licensee back to the secondary undertaker.

Self lay agreements will need to be made with both Bristol Water and the secondary undertaker if the licensee requires this option.

The supply of water by a licensee to an eligible customer that involves water from a secondary undertaker's network involves two distinct transactions: first, the secondary undertaker selling water to the licensee; and second, the licensee introducing that water into the primary undertaker's network for supply to that customer.

## SECTION EIGHT – LEGAL CONTRACT, ARBITRATION AND DISPUTES RESOLUTION

### 8.1 Contract terms

Bristol Water and Licensees both have duties to be responsible for the negotiation of contract terms and to adhere to the disputes resolution process. Ofwat, DWI and EA have obligations to mediate in disputes that fall within their remit.

The legal terms included in access agreements between Bristol Water and Licensee must be consistent with the cost principle contained in section 66E WIA91 and the statutory guidance issued by Ofwat under section 66D (4) WIA91.

Licensees should be aware that Ofwat have the right to require any terms in an access agreement, signed or otherwise, to be changed in order that it complies with their guidance. This could be retrospective should Ofwat change their guidance after an access agreement has been signed. Access agreements will need to be worded in a way that reflects this requirement of the conditions placed by Ofwat on both undertakers and licensees.

#### **8.1.1 Contents**

Contents of licence will include the following standard sections, which may be varied depending on the specifics of the access to be agreed:

- i. Recitals** The terms in the contract will be limited and subject to any decisions made by Ofwat as to their validity under the guidance they issue on the Water Supply Licensing regime.
- ii. Definitions** A list of terms used in the Contract will be defined.
- iii. Conditions precedent** This will include a clause setting out the requirement for the Licensee to maintain a license from Ofwat in order for the rights under this contract to apply.
- iv. Permission to access the network re. the Contract in question** Specifying the nature of the permitted access, abandonment by the Network User of any proprietary rights to the water introduced by him to the Network, and dealing with any capital works necessary to facilitate common carriage using the Network.
- v. Acceptance of Network Access Code** The access agreement will include a clause accepting the validity of the network access code.
- vi. Modifications** Specifying that any modifications to this contract must be appended to the contract in writing.

- vii. Ownership of Network / Vesting** The licensee will not become the owner of any of Bristol Water's facilities, even where the licensee has contributed to the improvement of the facilities. A clause will specify the rights and the obligations that arise from water supply licensing.
- viii. Material change** It will be specified that changes to the terms and conditions of the agreement can be made in certain circumstances, including new or amended legislation or from a required change to the network access code.
- ix. Liability** A clause limiting the liability of both parties in respect of certain claims.
- x. Force majeure** A definition of the events (generally those events over which the parties or one of them does not have direct control) in relation to which the agreement may be suspended for the duration of the force majeure event and the pre-conditions which must be satisfied before this clause will operate.
- xi. Exclusions** A clause excluding certain circumstances from being covered by the terms of this agreement.
- xii. Indemnity** Requiring both parties to indemnify the other against any costs, liabilities, expenses etc which arise from any default, including any criminal liability to the extent that that is permitted by public policy.
- xiii. Duration** A clause specifying the time period over which the contract will apply or a review clause to address changes in circumstance and inactivity.
- xiv. Termination** The circumstances, if any, which entitles a party to terminate the Contract, the period of notice required to effect such termination and the consequences of termination. A clause will also specify in what circumstances parties will be deemed to be in breach or default and the action to be subsequently taken.
- xv. Emergency suspension** A clause specifying the emergency circumstances under which the contract can be suspended.
- xvi. Back up supplies** A clause specifying the actions to be taken should Bristol Water be required to act as the supplier of last resort and the liability for payment of charges in such circumstances.
- xvii. Payment** A clause requirement payment for capital works, any infrastructure charges deemed payable, access charges, network balancing charges, methods of payment, liability for interest and action to be taken in the case of non payment.
- xviii. Dispute resolution** A clause allowing disputes to be settled using Ofwat's dispute resolution procedures. Where this does not apply a clause allowing disputes to be settled by arbitration in accordance with the Arbitration Act 1996.

- xix. Notices** A clause to specify the mechanics of serving notice pursuant to the Agreement upon the other party.
- xx. Assignment and Alienation** A clause limiting assignment to the circumstances when the contract can be assigned to another party.
- xxi. Variations** A clause specifying that all amendments must be agreed in writing
- xxii. Waiver** A clause providing that the failure to exercise a right or remedy will not constitute a waiver.
- xxiii. Severability** A clause specifying the intention of the parties that, in the event that any clause or part of a clause is found to be invalid, that the clause or part thereof would be severed from the remainder of the Agreement or clause and that the parties would be expected to agree alternative wording.
- xxiv. Entire agreement** A clause specifying that the Agreement and the documents attached to it constitute the entire agreement
- xxv. Jurisdiction** The Contract will be governed by the law of England and Wales.
- xxvi. Confidentiality** A clause which defines confidential information and stipulates the basis upon which the parties may use or disclose such information, subject to the provisions of the Freedom of Information Act and Environmental Information Regulations. Reference may also be made to the confidentiality agreement already in place between the parties.
- xxvii. Insurance** A clause requiring the Network User to carry certain insurances e.g. public, product and employer liability insurance amongst others.
- xxviii. Third party rights** A clause limiting third party rights to those specified in the agreement.
- xxix. Compensation** A clause limiting compensation to those situations specified in the agreement.
- xxx. Provision of bonds and guarantees.** A provision entitling Bristol Water to call in the bond or the parent company guarantee as the case may be, in the event of default. The requirement for these will not be discriminatory.
- xxxi. No Partnership/Agency** A clause specifying the fact that there is no partnership/agency between the parties and requiring the licensee to obtain consent before using Bristol Water's name and logo for any purpose.
- xxxii. Credit provisions and limits** A clause specifying the credit limits on the licensee's account and the provisions that relate to this limit.

- xxxiii. Customer contact and customer services** A clause specifying specific requirements of the end customer in relation to the agreement and the methods of contact the end customer must use in communication with Bristol Water.
- xxxiv. Health and Safety procedures** Any health and safety requirements in relation to the contract
- xxxv. Emergency procedures** Action and communication processes to be carried out in the event of an emergency situation
- xxxvi. Maximum supply quantity** A customer specific schedule will be included, which will state the maximum quantity of water which will be supplied to the licensee.

## **8.2 Arbitration and disputes resolution processes**

This section includes the processes used for resolving any differences that arise between Bristol Water and the licensee. The purpose is to resolve disputes as quickly as possible, without affecting the customer and to avoid the need for the ultimate recourse to the Courts. Ofwat have set out a determination procedure on their website which this network code adheres to. The licensee should refer to this guidance to see the options available to them for determination of disputes.

Disputes about Water Quality issues should be referred to the DWI for arbitration in the first instance rather than Ofwat.

Ofwat's determination procedure and powers cover:

- Where eligibility guidance does not cover the factors specific to a case.
- Where the licensee and potential customer cannot decide how to apply the eligibility guidance.
- Unresolved disputes after negotiation about terms and conditions of proposed access agreements.
- Modifications or termination of access agreements not made in accordance with Ofwat guidance or the costs principle.

### **8.2.1 Negotiation**

The first stage once a potential dispute has been identified will be to attempt to document the points on which agreement has been reached and those where there is disagreement. This statement on the dispute should be used during negotiations. Where a dispute exists, Bristol Water and the licensee will arrange a meeting to discuss the dispute within 10 working days of a request for such a meeting from Bristol Water or the licensee.

### **8.2.2 Conciliation**

If the licensee and Bristol Water agree then an expert can be appointed to conciliate and assist with further discussions should negotiation not resolve the dispute. The parties

should agree on an expert, which could include the Company's Reporter or local CCWater representative. The costs of this stage should be shared equally between the parties.

### **8.2.3 Mediation**

A further more formal stage of mediation can be undertaken if the licensee and Bristol Water agree, with a process similar to conciliation. Mediation may require the expert to produce a more formal response on the dispute concerned. This would be non-binding at this stage. The costs of this stage should be shared equally between the parties

### **8.2.4 Arbitration**

This effectively is use of the Ofwat determination process. Both parties may agree to seek Ofwat's help on the point of dispute in an informal non-binding way rather than seeking a specific determination. Where licensees seek a determination, this requires Bristol Water to set out what it intends to do to resolve the dispute and then for the licensee to formally seek a determination from Ofwat, binding on Bristol Water, of what the resolution should be.

At any stage of this process either party may choose to return to negotiation to resolve any remaining issue, up to the point at which a formal determination has been sought from Ofwat.

In the case of dispute that is referred to Ofwat for a determination, the duties of Bristol Water to supply to the licensee under WIA91 do not arise until the licensee has accepted Ofwat's determination.

## **SECTION NINE – ACCESS PRICING**

### **9.1 Indicative Prices for Wholesale and Combined Access**

The indicative prices set out below have been prepared in accordance with Ofwat’s detailed “Guidance on Access Codes”.

For the purposes of indicative charges we have assumed that no new or upgraded systems will be required for the new competition market.

**i) Indicative Wholesale Prices**

Indicative wholesale prices are set out below in 2011-12 price base.

		Licensee pays in arrears				
Company specific Large User K	Year	2011-12	2012-13	2013-14	2014-15	2015-16
	%	3.9%	3.9%	3.9%	3.8%	0.0%
<b>For 5MI per annum</b>						
Retail price	£/m3	1.1236	1.1674	1.2129	1.2590	1.2590
Wholesale price-first customer	£/m3	1.1179	1.1617	1.2072	1.2533	1.2533
Wholesale discount-first customer	£/m3	0.0057	0.0057	0.0057	0.0057	0.0057
Wholesale discount-second customer with same licensee	£/m3	0.0091	0.0091	0.0091	0.0091	0.0091
<b>For 15MI per annum</b>						
Retail price	£/m3	1.1257	1.1696	1.2152	1.2614	1.2614
Wholesale price-first customer	£/m3	1.1238	1.1677	1.2133	1.2595	1.2595
Wholesale discount-first customer	£/m3	0.0019	0.0019	0.0019	0.0019	0.0019
Wholesale discount-second customer with same licensee	£/m3	0.0030	0.0030	0.0030	0.0030	0.0030

Licensee pays in advance				
2011-12	2012-13	2013-14	2014-15	2015-16
3.9%	3.9%	3.9%	3.8%	0.0%
1.1236	1.1674	1.2129	1.2590	1.2590
1.1091	1.1529	1.1984	1.2445	1.2445
0.0145	0.0145	0.0145	0.0145	0.0145
0.0179	0.0179	0.0179	0.0179	0.0179
1.1257	1.1696	1.2152	1.2614	1.2614
1.1150	1.1589	1.2045	1.2507	1.2507
0.0107	0.0107	0.0107	0.0107	0.0107
0.0119	0.0119	0.0119	0.0119	0.0119

Company specific Large User K	Year	Licensee pays in arrears					Licensee pays in advance				
		2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
	%	94.9%	98.7%	102.5%	106.4%	106.4%	94.9%	98.7%	102.5%	106.4%	106.4%
<b>For 50MI per annum</b>											
Retail price	£/m3	0.9501	0.9872	1.0257	1.0646	1.0646	0.9501	0.9872	1.0257	1.0646	1.0646
Wholesale price-first customer	£/m3	0.9495	0.9866	1.0251	1.0641	1.0641	0.9420	0.9791	1.0176	1.0566	1.0566
Wholesale discount-first customer	£/m3	0.0006	0.0006	0.0006	0.0006	0.0006	0.0081	0.0081	0.0081	0.0081	0.0081
Wholesale discount-second customer with same licensee	£/m3	0.0009	0.0009	0.0009	0.0009	0.0009	0.0084	0.0084	0.0084	0.0084	0.0084
<b>For 500MI per annum</b>											
Retail price	£/m3	0.8047	0.8361	0.8687	0.9017	0.9017	0.8047	0.8361	0.8687	0.9017	0.9017
Wholesale price-first customer	£/m3	0.8046	0.8360	0.8686	0.9016	0.9016	0.7983	0.8297	0.8623	0.8953	0.8953
Wholesale discount-first customer	£/m3	0.0001	0.0001	0.0001	0.0001	0.0001	0.0064	0.0064	0.0064	0.0064	0.0064
Wholesale discount-second customer with same licensee	£/m3	0.0001	0.0001	0.0001	0.0001	0.0001	0.0064	0.0064	0.0064	0.0064	0.0064

Retail prices for 2011/12 to 2014/15 have been estimated in line with the assumptions made in the Competition Commission's Final Determination of price limits for the period 2010/11 to 2014/15. Actual retail prices for these years are subject to approval annually by Ofwat and may be different from those set out above. In 2015/16 a zero K has been assumed.

**ii) Indicative Combined Supply Prices**

Bristol Water has a single resource zone. The forecast supply surplus for this zone before Bristol Water investment or licensee’s water is set out below (-ve is deficit).

Forecast supply surplus without licensee’s water or water undertaker’s investment	Year	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	MI/d	22.0	13.4	12.1	-5.0	-8.3	-11.8	-15.6	-19.1	-22.5
	Year	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	MI/d	-26	-29.2	-31.4	-33.9	-36.2	-38.5	-40.8	-42.9	-45.1
	Year	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>	<b>2034/35</b>	<b>2035/36</b>		
	MI/d	-47.3	-49.7	-51.9	-54.2	-56.6	-59	-61.4		

The guidance specifies that indicative prices should be produced for access starting in each of the five years from 2011-12 to 2015-16. Bristol Water’s investment plan would not be revised if a licensee introduced 50MI/year or 500MI/year, so there are no savings arising from the avoidance or delayed requirement of any Supply/Demand schemes. As a result, indicative savings relate only to marginal operating costs and are independent of the year of commencement.

Indicative combined supply prices are set out below in 2011-12 price base.

		Licensee pays in arrears				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>5 MI/year</b>						
Retail Price	£/m3	1.1236	1.1674	1.2129	1.2590	1.2590
Combined supply discount	£/m3	0.0579	0.0579	0.0579	0.0579	0.0579
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.01	13.41	12.11	-4.99	-8.29

<b>15 MI/year</b>						
Retail Price	£/m3	1.1257	1.1696	1.2152	1.2614	1.2614
Combined supply discount	£/m3	0.0541	0.0541	0.0541	0.0541	0.0541
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.04	13.44	12.14	-4.96	-8.26

<b>50 MI/year</b>						
Retail Price	£/m3	0.9501	0.9872	1.0257	1.0646	1.0646
Combined supply discount	£/m3	0.0527	0.0527	0.0527	0.0527	0.0527
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.14	13.54	12.24	-4.86	-8.16

<b>500 MI/year</b>						
Retail Price	£/m3	0.8047	0.8361	0.8687	0.9017	0.9017
Combined supply discount	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	23.37	14.77	13.47	-3.63	-6.93

		Licensee pays in advance				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>5 MI/year</b>						
		1.1236	1.1674	1.2129	1.2590	1.2590
		0.0666	0.0666	0.0666	0.0666	0.0666
		22.01	13.41	12.11	-4.99	-8.29

<b>15 MI/year</b>						
		1.1257	1.1696	1.2152	1.2614	1.2614
		0.0629	0.0629	0.0629	0.0629	0.0629
		22.04	13.44	12.14	-4.96	-8.26

<b>50 MI/year</b>						
		0.9501	0.9872	1.0257	1.0646	1.0646
		0.0602	0.0602	0.0602	0.0602	0.0602
		22.14	13.54	12.24	-4.86	-8.16

<b>500 MI/year</b>						
		0.8047	0.8361	0.8687	0.9017	0.9017
		0.0586	0.0586	0.0586	0.0586	0.0586
		23.37	14.77	13.47	-3.63	-6.93

## **9.2 Case Specific Access Prices**

We will prepare case specific access prices in response to a formal application for access. Case specific prices may differ significantly from the indicative prices set out above as they will depend upon the details of the particular application.

## **9.3 Methodology for Calculation of ARROW Costs**

Appendix 3 shows the calculations of ARROW costs by Bristol Water.

## **SECTION TEN – 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 for that purpose (common carriage).

**Access agreement:** An agreement between a water undertaker and a licensee for access by a licensee to a water undertaker's supply system pursuant to the Retail Authorisation and/or Supplementary Authorisation.

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

**Access terms:** The terms under which a water undertaker and a licensee agree access to 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.

**ARROW costs:** Expenses that can be Avoided or Reduced, or any amount that is Recoverable in some Other Way (other than from other customers of the water undertaker) (see section 66E(3) WIA91).

**Back-syphonage:** Unwanted syphoning of water into the supply system.

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

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

**Borehole:** A hole for abstracting groundwater constructed by boring.

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

**Chlorination:** The use of chlorine to disinfect water.

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

**Combined Licence:** A Retail Licence with the Supplementary Authorisation, authorising the holder to introduce water into a water undertaker's supply system and to retail that water to a customer's eligible premises (section 17A(6) WIA91).

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

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

**Costs principle:** As defined in section 66E of the WIA91.

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

**Deployable output:** The output of a commissioned water supply source, group of sources or bulk supply as constrained by: abstraction 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 with, for example, small amounts of chlorine in order to kill harmful organisms.

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

**Drought:** A prolonged period of dry weather; said to exist if, for at least fifteen days, on each day rainfall has been less than 0.25mm.

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

**Eligible premises:** Premises that satisfy the eligibility requirements in section 17A(3) WIA91. Each of the following three requirements must be satisfied in relation to each of the premises in order for a customer's premises to be eligible:

- The customer's premises must not be "household premises" (as defined in section 17C WIA91).
- When the licensee first enters into an undertaking with a customer to give the supply, the total quantity of water estimated to be supplied to the premises annually by the licensee must be not less than 50 megalitres (the "threshold requirement", section 17D WIA91).
- The premises may only be supplied by one licensee (but may also be supplied by one or more water undertakers).

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

**Fluoridation:** Application of fluoride to drinking water at the request of regional health authorities as a preventative measure against dental decay.

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

**Guaranteed 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 a government agency responsible for administering all regulations pertaining to health and safety and public security.

**Instrument of Appointment:** The water (and sewerage) companies operate under Instruments of Appointment, granted by the then Secretaries of State for the Environment and for Wales, or by the Water Services Regulation Authority (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, faecal streptococci, whose presence indicate that the water may be polluted and therefore should not be used as drinking water.

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

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

**Pathogen:** An organism which is capable of producing disease.

**Point of Entry:** The point at which treated water enters the supply system as defined by the isolation valve provided by Bristol Water.

**Potable:** Water for domestic and food production purposes which is wholesome at the time of supply. This is defined in section 68 of the WIA91 and section 4 of the Water Supply (Water Quality) Regulations.

**Primary water undertaker:** For the purposes of section 66A WIA91 (wholesale water supply by primary water undertaker) and section 66C WIA91 (wholesale water supply by secondary water undertaker), a water undertaker is the primary water undertaker of a licensee if the undertaker's supply system is to be used for the purposes of making the supply to the premises of the licensee's customer.

**Priority supply points:** Supply points as specified by Defra.

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

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

**Regulatory Compliance Sampling Programme:** This is the annual programme of drinking water sampling which the Water Companies must undertake to comply with the requirements of the Water Supply (Water Quality) Regulations 2000 (for England) and 2001 (for Wales) and subsequent amendments.

**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 WIA91).

**Retail Licence:** A Water Supply Licence giving the holder the Retail Authorisation, entitling the holder to purchase wholesale a supply of water from the water undertaker and to supply it retail to a customer's eligible premises (section 17A(4) of the WIA91).

**Secondary water undertaker:** A water undertaker other than a licensee's primary water undertaker (section 66C(1)(a)(I) WIA91).

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

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

**Sewerage undertaker:** A company appointed under the WIA91 to provide sewerage services in respect of a geographical area of England and Wales.

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

**Standby supplies:** These are supplies that can be called into operation in the event of failure of the 'duty' supply.

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

**Supply system:** Any water mains and other pipes used for the purposes of conveying potable water from a water undertaker's treatment works to its customer's premises and any non-potable networks that are not connected to any potable system. This term is defined in section 17B(5) of the WIA91.

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

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

**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. Current limit is 100 ug/l averaged over three months.

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

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

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

**Untreated water:** Raw water not of a suitable quality to put into a Control Group.

**Water Fittings Regulations:** The Water Supply (Water Fittings) Regulations 1999. These Regulations replaced the Water Bylaws in England and Wales and are largely enforced by the water undertakers.

**Water resources management plan:** A water undertaker's long term strategic plan for water resource development in its area (see section 37A WIA91).

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

**Water Supply (Water Quality) Regulations:** The Water Supply (Water Quality) Regulations, SI 2000 No 3184, amended by SI 2001 No 2885, which apply to water undertakers whose area of supply is wholly or mainly in England; The Water Supply (Water Quality) Regulations 2001, SI 2001 No 3911, which apply to water undertakers whose area of supply is wholly or mainly in Wales. These Regulations specify the standards used to define wholesomeness of drinking water, the level of monitoring required, treatment requirements, reporting requirements and also specify the requirements for using approved substances and products. The DWI enforces these Regulations.

**Water undertaker:** A company appointed under the WIA91 to provide water services to a defined geographic area and which owns the supply system and other infrastructure.

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

**APPENDIX 1 – BRISTOL WATER AREA OF SUPPLY**



## **APPENDIX 2 – STANDARD CONFIDENTIALITY AGREEMENT**

**THIS AGREEMENT** is made this [ ] day of [ ] 200[ ]

**BETWEEN**

**BRISTOL WATER PLC** whose Registered Office is PO Box 218 Bridgwater Road, Bristol BS99 7AU and

(“Name”) whose Registered Office is [ ]

**WHEREAS** Bristol Water plc and Name (“the parties”) 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**

1.1 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 Environmental Information Regulations 2004 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, programs, specifications, know-how, trade secrets and other information concerning the Project) 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) **“Project”** shall mean any discussions and negotiations between or within the parties concerning or in connection with the establishment or possible

establishment of a business relationship between the parties relating to the wholesale supply of potable water.

**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 during the continuance of the Project or within 2 years after the Project has terminated or resulted in the parties establishing a business relationship in respect of the Project:

- (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 ensure each Authorised Representative to whom it discloses such Confidential Information is made aware of the provisions of this Agreement before such Authorised Representative receives any such Confidential Information and agrees in writing to be bound by obligations of confidentiality and non-disclosure to third parties in respect of such Confidential Information and to return or destroy such Confidential Information in accordance with the provision of clause 4.

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

- (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; or
- (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.

3. **Intellectual Property**

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

4. **Return of Information**

- 4.1 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).
- 4.2 The return of Confidential Information shall not release either party from its other obligations under this Agreement.

5. **No Representation or Warranty**

- 5.1 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. **Reference to the Parties**

- 6.1 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.

7. **Duration**

7.1 This Agreement shall continue in force from the date hereof until terminated by mutual consent or by one party giving to the other party not less than one month's prior written notice. The provisions of clauses 2, 4, 6 and 7 shall survive the termination of this Agreement.

8. **No Contract**

8.1 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. Either party shall be entitled at any time to decline to provide or to continue to provide any Confidential Information to the other or to the other's Authorised Representatives or to decline to deal with the other without incurring any liability to the other whatsoever.

9. **Notices**

9.1 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. The date of service shall be deemed to be the next business day following the day on which the notice was posted or immediately upon receipt of the fax confirmation if sent by facsimile.

The facsimile number for each of the parties shall be :

<u>Party</u>	<u>Facsimile number</u>
--------------	-------------------------

Bristol Water plc	0117 9633755
-------------------	--------------

Name	[ ]
------	-----

10. **Consequences of Breach**

10.1 Without prejudice to any other rights or remedies that either party may have Name acknowledges and agrees that:-

- (a) Bristol Water plc and its parent company Sociedad General De Aguas De Barcelona SA (“Agbar”) and other subsidiary companies of Agbar would be irreparably harmed by a breach of any of the provisions of this Agreement;
- (b) Damages would not be an adequate remedy for any such breach;
- (c) Agbar, Bristol Water plc and any other relevant subsidiary company of Agbar shall be entitled to the remedies of injunction, specific performance and any other equitable relief for any threatened or actual breach of the provisions of this Agreement by Name or its Authorised Representatives;
- (d) No proof of special damages shall be necessary for the enforcement of this Agreement.

11. **No Waiver**

- 11.1 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. **Non-assignment**

- 12.1 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.

13. **Entire Agreement**

- 13.1 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.

14. **Costs**

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

15. **Severance**

- 15.1 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.

16 **Governing Law**

16.1 The construction, validity and performance of this Agreement shall be governed all times by English Law and the English Courts shall have nonexclusive 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 NAME )

(Signature)

(Position)

(Date)

**SIGNED** on behalf of BRISTOL WATER PLC )

(Signature)

(Position)

(Date)



**ACCESS CODE  
1 NOVEMBER 2011**

**APPENDIX THREE – DETAILED METHODOLOGY FOR CALCULATING ACCESS PRICES**

**Table 3: Format required for indicative wholesale price information (2011/12 price base)**

		Licensee pays in arrears				
Company specific Large User K	Year	2011-12	2012-13	2013-14	2014-15	2015-16
	%	3.9%	3.9%	3.9%	3.8%	0.0%
<b>For 5MI per annum</b>						
Retail price	£/m3	1.1236	1.1674	1.2129	1.2590	1.2590
Wholesale price-first customer	£/m3	1.1179	1.1617	1.2072	1.2533	1.2533
Wholesale discount-first customer	£/m3	0.0057	0.0057	0.0057	0.0057	0.0057
Wholesale discount-second customer with same licensee	£/m3	0.0091	0.0091	0.0091	0.0091	0.0091
<b>For 15MI per annum</b>						
Retail price	£/m3	1.1257	1.1696	1.2152	1.2614	1.2614
Wholesale price-first customer	£/m3	1.1238	1.1677	1.2133	1.2595	1.2595
Wholesale discount-first customer	£/m3	0.0019	0.0019	0.0019	0.0019	0.0019
Wholesale discount-second customer with same licensee	£/m3	0.0030	0.0030	0.0030	0.0030	0.0030

Licensee pays in advance				
2011-12	2012-13	2013-14	2014-15	2015-16
3.9%	3.9%	3.9%	3.8%	0.0%
1.1236	1.1674	1.2129	1.2590	1.2590
1.1091	1.1529	1.1984	1.2445	1.2445
0.0145	0.0145	0.0145	0.0145	0.0145
0.0179	0.0179	0.0179	0.0179	0.0179
1.1257	1.1696	1.2152	1.2614	1.2614
1.1150	1.1589	1.2045	1.2507	1.2507
0.0107	0.0107	0.0107	0.0107	0.0107
0.0119	0.0119	0.0119	0.0119	0.0119

		Licensee pays in arrears				
Company specific Large User K	Year	2011-12	2012-13	2013-14	2014-15	2015-16
	%	94.9%	98.7%	102.5%	106.4%	106.4%
<b>For 50MI per annum</b>						
Retail price	£/m3	0.9501	0.9872	1.0257	1.0646	1.0646
Wholesale price-first customer	£/m3	0.9495	0.9866	1.0251	1.0641	1.0641
Wholesale discount-first customer	£/m3	0.0006	0.0006	0.0006	0.0006	0.0006
Wholesale discount-second customer with same licensee	£/m3	0.0009	0.0009	0.0009	0.0009	0.0009
<b>For 500MI per annum</b>						
Retail price	£/m3	0.8047	0.8361	0.8687	0.9017	0.9017
Wholesale price-first customer	£/m3	0.8046	0.8360	0.8686	0.9016	0.9016
Wholesale discount-first customer	£/m3	0.0001	0.0001	0.0001	0.0001	0.0001
Wholesale discount-second customer with same licensee	£/m3	0.0001	0.0001	0.0001	0.0001	0.0001

Licensee pays in advance				
2011-12	2012-13	2013-14	2014-15	2015-16
94.9%	98.7%	102.5%	106.4%	106.4%
0.9501	0.9872	1.0257	1.0646	1.0646
0.9420	0.9791	1.0176	1.0566	1.0566
0.0081	0.0081	0.0081	0.0081	0.0081
0.0084	0.0084	0.0084	0.0084	0.0084
0.8047	0.8361	0.8687	0.9017	0.9017
0.7983	0.8297	0.8623	0.8953	0.8953
0.0064	0.0064	0.0064	0.0064	0.0064
0.0064	0.0064	0.0064	0.0064	0.0064

**Table 4: Format for indicative combined supply prices (2011/12 price base)**

		Licensee pays in arrears				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>5 MI/year</b>						
Retail Price	£/m3	1.1236	1.1674	1.2129	1.2590	1.2590
Combined supply discount	£/m3	0.0579	0.0579	0.0579	0.0579	0.0579
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.01	13.41	12.11	-4.99	-8.29
<b>15 MI/year</b>						
Retail Price	£/m3	1.1257	1.1696	1.2152	1.2614	1.2614
Combined supply discount	£/m3	0.0541	0.0541	0.0541	0.0541	0.0541
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.04	13.44	12.14	-4.96	-8.26
<b>50 MI/year</b>						
Retail Price	£/m3	0.9501	0.9872	1.0257	1.0646	1.0646
Combined supply discount	£/m3	0.0527	0.0527	0.0527	0.0527	0.0527
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	22.14	13.54	12.24	-4.86	-8.16
<b>500 MI/year</b>						
Retail Price	£/m3	0.8047	0.8361	0.8687	0.9017	0.9017
Combined supply discount	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522
Supply surplus with licensee's water and water undertaker's revised investment plan	MI/d	23.37	14.77	13.47	-3.63	-6.93

Licensee pays in advance					
2011-12	2012-13	2013-14	2014-15	2015-16	
1.1236	1.1674	1.2129	1.2590	1.2590	
0.0666	0.0666	0.0666	0.0666	0.0666	
22.01	13.41	12.11	-4.99	-8.29	
<b>15 MI/year</b>					
1.1257	1.1696	1.2152	1.2614	1.2614	
0.0629	0.0629	0.0629	0.0629	0.0629	
22.04	13.44	12.14	-4.96	-8.26	
<b>50 MI/year</b>					
0.9501	0.9872	1.0257	1.0646	1.0646	
0.0602	0.0602	0.0602	0.0602	0.0602	
22.14	13.54	12.24	-4.86	-8.16	
<b>500 MI/year</b>					
0.8047	0.8361	0.8687	0.9017	0.9017	
0.0586	0.0586	0.0586	0.0586	0.0586	
23.37	14.77	13.47	-3.63	-6.93	

**Table 5 – Water Resource Zone information**

Bristol Water has no relevant supply schemes so table 5 is not included within our Access Code

**Table 14: Retail costs analysis**

2010-11 Costs, in 2011-12 prices. Inflation from 2010-11 to 2011-12 is +4.70%.

Ref.	Retail activity	All Water customers	All unmetered water customers	All metered water customers	Water customers >=50MI pa	Water customers >=15 and <50MI pa	Water customers >=5 and <15MI pa	Water customers >=1 and <5MI pa	Water customers <1MI pa	Household customers <1MI pa	Non household customers <1MI pa	ARROW costs for one customer of			
												5MI pa	15MI pa	50MI pa	500MI pa
		£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s
R1	Billing	674,339	233,055	441,284	533	957	5,824	11,701	422,269	360,141	62,128	14	14	14	14
R2	Meter reading	464,098	-	464,098	452	811	4,936	9,916	447,983	382,071	65,911	12	12	12	12
R3	Payment handling, remittance and cash handling	194,398	76,093	118,305	126	226	1,376	2,765	113,813	97,068	16,745	3	3	3	3
R4	Handling and resolving customers' calls, correspondence and complaints	526,901	181,110	345,790	445	799	4,862	9,768	329,917	281,376	48,540	11	11	11	11
R5	Debt management	655,481	325,442	330,039	325	583	3,546	7,124	318,461	271,606	46,855	8	8	8	8
R6	Doubtful debts	3,441,900	2,323,804	1,118,096	-	-	-	-	1,118,096	1,118,096	-	-	-	-	-
R7	Demand side water efficiency initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R8	Sales, marketing and provision of information to customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R9	Account management activities	32,657	-	32,657	234	420	2,554	5,131	24,319	20,741	3,578	6	6	6	6
	GSS payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R10	Cost of customer credit	1,031,467	631,965	399,503	81	145	885	6,515	391,875	334,219	57,656	44	133	374	3,165
R11	Other services provided to eligible customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R12	Competition related capital maintenance charges	334,664	205,044	129,621	26	47	287	2,114	127,146	108,439	18,707	-	-	-	-
R13	General and support expenditure	1,130,631	692,720	437,910	89	159	970	7,142	429,550	366,350	63,199	2	2	2	2
R14	<b>Total Arrow Cost</b>	8,486,536	4,669,232	3,817,303	2,311	4,148	25,241	62,175	3,723,429	3,340,108	383,321	101	189	430	3,222
	<b>Total Cost</b>	14,063,521	8,254,391	5,809,130	2,755	28,291	34,994	31,778	5,901,437	5,118,395	783,043				
	Number of Customers	513476	309676	203800	39	70	426	3135	200130	170685	29445	1	1	1	1
	Volume of water supplied (MI/yr)	86790	48180	38610	5445	1763	3377	6486	21539	16662	4876	5	15	50	500

## **Table 14 – Retail Costs Analysis commentary**

### **Sources of data**

The data is extracted from that used to prepare Table 21 of JR10, in particular Customer Services costs and Doubtful Debts, and table 21b, in particular general and support costs. Supplementary calculations are used to evaluate capital maintenance costs and working capital costs.

	2009/10 costs	2010/11 costs	2010/11 costs
	2009/10 prices	2010/11 prices	2011/12 prices
	£000s	£000s	£000s
Joint billing	2,401	2,443	2,548
New supplies		75	78
Pensions	-11	3	3
Holiday pay accrual		3	3
General and Support	294	247	258
<b>JR11 Table 21 line 13</b>	<b>2,684</b>	<b>2,771</b>	<b>2,890</b>
New supplies		-75	-78
Pensions	-11	-3	-3
Holiday pay accrual		-3	-3
General and Support	413	837	873
Bad Debts	3,700	3,300	3,442
Working Capital	561	989	1,031
Capital Maintenance (computers and vehicles)	766	321	335
<b>Total Arrow Costs</b>	<b>8,113</b>	<b>8,137</b>	<b>8,487</b>
<u>Accounting separation retail costs</u>			
-			
New supplies		75	78
Pensions		13	14
Holiday pay accrual		10	10
Direct costs	1,725	1,902	1,984
Scientific Services	205	145	151
Third party	252	775	808
Regulation	424	590	615
Rates	28	35	37
General and Support		0	0
Infrastructure Renewals Charge		156	163
Capital Maintenance (Meters)	1,139	1,378	1,437
Capital Maintenance (General and Support assets)	128	268	280
<b>Total Retail Costs table 14</b>	<b>12,014</b>	<b>13,484</b>	<b>14,064</b>
Deduct working capital	-561	-989	-1,031
<b>JR11 Table 21b total</b>	<b>11453</b>	<b>12,495</b>	<b>13032</b>

### **Arrow Costs Include:**

- Management charge from the joint billing company (BWBS - £2443k). The actual costs of Bristol Wessex Billing Services Limited (BWBS) were analysed in terms of activity and customer groups by the company, and the cost to Bristol Water is apportioned pro-rata.
- General and support costs (£1084k) include shares of general management (£191k - principally the BW Board and associated central costs), information technology costs (£317k – IT supports services), financial accounting (£67k), a share of security costs (£72k) and various smaller sums relating to other departments. This is the figure per the accounting separation general and support retail costs. The share of each department allocated to retail is mainly in proportion to manpower figures, and direct retail costs, relative to Bristol Water as a whole. Allocation to customer groups is in proportion to customer numbers, except for meter reading which is allocated in proportion to numbers of meter reads.

Note that leakage allowances given to customers are treated as a reduction of income and therefore appear neither in Table 21 of JR11 nor here.

Total JR11 customer service costs have increased from £2,684k to £2,771k, £87k which are primarily the inclusion of costs relating to the department administering new supplies. In real terms there is an overall decrease of £46k, which is mainly within general and support costs.

The general and support costs used in the calculation of ARROW costs are those calculated in table 21b. The accounting separation definition of retail costs, is much broader than the table 21 (RAG4) definition of customer services, as it includes all customer contact such as that arising from network enquiries and complaints. Therefore the retail general and support costs are higher than the customer services general and support costs.

### **Doubtful debts**

The provision for doubtful debts recorded in the balance sheet as at 31 March 2011 is built up as follows:

- For the bulk of metered and unmetered customers, who are too many to assess individually, a statistical technique is used that relies upon the average rate of uncollectable debt (as a percentage of the debt billed) four years after the relevant debt has been invoiced. After this interval of time collection rates are negligible.
- An adjustment is made on an estimated basis to reflect the risk that collection experience for recently invoiced debt is expected to be worse than collection experience for debt invoiced four years ago.
- Major users, and customers for sundry sales, are assessed individually.
- Outstanding court fees are provided at an average rate of 70% of the outstanding debt, in accordance with experience.

The charge to profit and loss represent the movement in the provision, adjusted for debts actually written off.

At 31 March 2010 the same principles were followed.

The allocation between metered and unmetered customers is derived from the Rapid analysis as above. The volume band analysis is derived from allocation in proportion to their respective turnovers. The charge for sundry sales customers is included in the total Retail costs but is excluded from the metered and unmetered analysis.

There was no bad debt charge in respect of major users during 2010/11 (2009/10 nil).

#### Capital maintenance

The SAP asset register holds all data relating to assets used for customer service purposes. These are mainly

- Vehicles used by BWBS, mainly meter readers' vans
- Vehicles used by the Business Care team
- The Rapid system used for customer administration and sales accounting by BWBS including both its original acquisition and subsequent enhancements.
- Relevant computer hardware used by BWBS
- Office equipment used by BWBS

The costs are the Bristol Water share of costs, generally 50% of the acquisition costs, the balance being funded by Wessex Water.

Capital maintenance is £321k, representing the annual depreciation charge for 2010/11. £478k of last years £767k charge, related to billing computer system assets which were fully depreciated by March 2010.

Asset lives are estimated in accordance with normal Bristol Water policy.

In previous years capital maintenance charges were apportioned to activities in proportion to BWBS costs.

#### **Working capital – cost of customer credit**

Values of outstanding unmetered and metered debt were extracted from Rapid for each month during the year. Rapid was also used to report the unmetered debt invoiced in advance of service delivery. The metered income accrual was taken from SAP data, which is itself derived from Rapid for all customers except major users. SAP derives major user data from estimates prepared by the Business Care team each month from meter readings. Cash received in advance was taken from SAP for each month, the underlying SAP postings being derived from Rapid reports. An adjustment has been made to the Rapid reports to reflect the fact that Rapid anticipates the effects of the customer direct debit payment run on the first day of each month, and this has to be reversed to arrive at the true effect on cash at bank. The net credit advance to customers was aggregated each month. The working capital cost each month was obtained by multiplying the net credit advance by the weighted average cost of long-term borrowings (including preference shares) applicable to 2010/11 as a whole.

The cost is allocated to customer groups in proportion to their respective turnovers.

The working capital cost applicable to a customer the >50Ml customers is the income from those customers, multiplied by the weighted average cost of debt, for 50 days. This period represents 15 days (for consumption on average being at midmonth) plus 5 days for the meter reading and billing processes, plus 30 days for the period from billing to payment in accordance with the terms of trade.

### **Consistency with 2009/10**

The only change in the basis of calculation compared to 2009/10, is the pension accounting debit apportioned in table 21b to retail (using the accounting separation definition of retail costs), has not been included in the ARROW costs.

### **Variances from 2009/10**

Ref.	Retail activity	2009/10 in 2010/11 prices £(000s)	2010/11 in 2010/11 prices £(000s)	Change £(000s)
R1	Customer billing	605	647	41
R2	Meter reading	481	445	(36)
R3	Payment handling	161	186	25
R4	Handling and resolving customers' calls, correspondence and complaints	640	505	(135)
R5	Debt collection and recovery procedures	600	628	29
R6	Doubtful debts	3,884	3,300	(584)
R7	Demand side water efficiency initiatives	1	0	(1)
R8	Sales, marketing and provision of information to customers	0	0	0
R9	Account management activities	8	31	24
	GSS payments	0	0	0
R10	Cost of customer credit	589	989	400
R11	Other services provided to eligible customers	0	0	0
R12	Competition related capital maintenance charges	804	321	(483)
R13	General and support expenditure	742	1,084	342
R14	<b>Total Arrow Cost</b>	<b>8,514</b>	<b>8,137</b>	<b>(377)</b>
	<b>Total Cost</b>	<b>12,613</b>	<b>13,484</b>	<b>871</b>

The difference in 2010/11 costs compared to 2009/10 are as follows:

- Line R6 doubtful debt costs have reduced by £0.6m in 2010/11 to £3.3m. The charge comprises a prior year element, which applies the current residual debt rate to the opening debt, and a current year element. The prior year element of the charge has fallen by £1.0m from £2.0m in 2009/10 to £1.0m in 2010/11. This masks the increase in the current year part of the charge of £0.4m from £1.9m to £2.3m.
- Line R10 Cost of customer credit increased by £0.4m due to higher interest rates.
- Line R12 Capital maintenance charges This has decreased by £0.5m due to some computer assets becoming fully depreciated.

The total costs include all the accounting separation retail costs:

	2010/11 in 2010/11 prices
	£(000s)
<u>Total Arrow cost differences</u>	(377)
Direct costs differences	206
Scientific Services	-71
Third party	510
Regulation	145
Capital Maintenance differences	472
Other differences	19
<b>Total Cost differences</b>	<b>871</b>

### **ARROW costs**

#### **ARROW costs for one customer of 5, 15, 50 or 500MI**

The costs allocated to all customers within the volume band, have been divided by the number of those customers to give the cost for one customer, with the exception of doubtful debts, the credit charge and capital maintenance charges.

The doubtful debts have been prorated according to the total volume billed to customers in each band, and the result for each band then multiplied by 5,15,50 or 500MI as appropriate to calculate the amount attributable to a single customer.

The credit charge has been calculated as the interest cost for 50 days of the retail income from the each customer.

There has been no allocation of capital maintenance charges for one customer.

## Comment

ARROW costs have risen for one 50MI customer by 48%. There is a 78% increase arising from higher customer credit costs due to higher interest rates, offset by a reduction in costs following the work of the Business Care department being incorporated in BWBSL costs.

The same monetary changes apply to ARROW costs for one 500MI customer, with the exception of the credit cost. The credit cost has also increased by 150%, but as in monetary terms it is much larger for the over 500MI customer, it has brought the overall increase in ARROW costs for the over 500MI customer up to 129%.

**Table 15: Minimum customer standards provision by existing water undertakers**

Ref	Retail Activity	Notes
R1	Customer Billing	Customers are billed monthly, we currently only offer a paper billing system
R2	Meter reading	Meters are read monthly, this is done manually. Most larger meters are data logged, this information is available anytime, and is updated usually on a daily basis, however some loggers are manually downloaded on a less frequent basis
R3	Payment handling	All payments are received and processed by Bristol Wessex Billing Services Limited (BWBSL). Payments are made by Direct Debit or by cheque.
R4	Handling and resolving customers calls, correspondence and complaints	All correspondence etc relating to billing is dealt with by BWBSL, all other enquiries are resolved as quickly as possible by the Account Manager. All billing enquiries are responded to within 5 days, complaints are responded to within 10 days.
R5	Debt collection and recovery procedures	BWBSL are responsible for sending reminders to customers on large user tariffs when payment is overdue by one month. The debt recovery process for large users is that a series of reminders are sent, followed by removal of the large user tariff, followed by eventual disconnection if payment is not received.
R7	Demand side water efficiency initiatives	Leaflets on being water wise are sent out. Advice and information is also available on the Bristol Water website. Water quality summaries are sent out regularly as requested.
R8	Sales, marketing and provision of information to customers	Monthly consumption graphs are sent out to customers if requested, this can be by post or email. We have a regular newsletter "inflow" for all our business customers.
R9	Account management activities	Account managers are available for all large users, these have a dedicated telephone number and email. Account manager acts as a one stop shop to field all questions/queries from customers and facilitate a response from the relevant departments.
R11	Other services provided to eligible customers	Customers can view their own logging information over the internet. Available for larger customers initially, but will be rolled out further over time. The customer is able to access a secure part of Bristol Water's IT network and view their logging data usually up to only a few hours before.

**Table 17: Minimum licensee standards provision by existing water undertakers**

<b>Ref</b>	<b>Retail Activity</b>	<b>Notes</b>
R1	Licensee Billing	Licensees are billed monthly, we currently only offer a paper billing system
R2	Meter reading	Meters are read monthly, this is done manually. Most larger meters are data logged, this information is available anytime, and is updated usually on a daily basis, however some loggers are manually downloaded on a less frequent basis
R3	Payment handling	All payments are received and processed by BWBSL. Payments are made by Direct Debit or by cheque.
R4	Handling and resolving licensee calls, correspondence and complaints	All correspondence etc relating to billing is dealt with by Bristol Wessex Billing Services Limited, all other enquiries are resolved as quickly as possible by the Account Manager. All billing enquiries are responded to within 5 days, complaints are responded to within 10 days.

**Table 18: Retail expenses**

2010-11 Costs, in 2011-12 prices. Inflation from 2010-11 to 2011-12 is +4.30%.

**Table 18: Retail expenses**

**Payment in arrears**

Ref.	Retail activity	Expenses (£) for serving licensee with 1 customer using:				Expenses (£) for serving licensee with 2 customer each using:			
		5 MI/yr	15 MI/yr	50 MI/yr	500 MI/yr	5 MI/yr	15 MI/yr	50 MI/yr	500 MI/yr
		£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)
R1	Billing	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014
R2	Meter reading	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R3	Payment handling	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
R4	Handling and resolving licensee's calls, correspondence and complaints	0.011	0.011	0.011	0.011	0.023	0.023	0.023	0.023
R6	Doubtful debts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R10	Cost of licensee credit	0.044	0.132	0.373	3.164	0.088	0.265	0.747	6.340
	<b>Total</b>	<b>0.072</b>	<b>0.161</b>	<b>0.402</b>	<b>3.193</b>	<b>0.127</b>	<b>0.305</b>	<b>0.787</b>	<b>6.380</b>
	Number of Customers served by a licensee	1	1	1	1	2	2	2	2

**Payment in advance**

Ref.	Retail activity	Expenses (£) for serving licensee with 1 customer using:				Expenses (£) for serving licensee with 2 customer each using:			
		5 MI/yr	15 MI/yr	50 MI/yr	500 MI/yr	5 MI/yr	15 MI/yr	50 MI/yr	500 MI/yr
		£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)	£(000s)
R1	Billing	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014
R2	Meter reading	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R3	Payment handling	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
R4	Handling and resolving licensee's calls, correspondence and complaints	0.011	0.011	0.011	0.011	0.023	0.023	0.023	0.023
R6	Doubtful debts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R10	Cost of licensee credit	0.000	0.000	-0.001	-0.005	0.000	0.000	-0.001	-0.011
	<b>Total</b>	<b>0.028</b>	<b>0.028</b>	<b>0.027</b>	<b>0.023</b>	<b>0.040</b>	<b>0.040</b>	<b>0.039</b>	<b>0.028</b>
	Number of Customers served by a licensee	1	1	1	1	2	2	2	2

## **Table 18 – Retail expenses commentary**

### **Sources of data**

The data is extracted from that used to prepare Table 14 of Access Code reporting. All comments made in the commentary for Table 14 are therefore relevant.

### **Basis of calculations**

Expenses for serving licensee with one customer are taken directly from the relevant lines in Table 14

Expenses for serving licensee with two customers are taken directly from the relevant lines in Table 14, except that the values in line R4 (Handling calls etc) and line R10 (Cost of licensee credit) are doubled.

### **Consistency with 2009/10**

There has been no change in the basis of calculation compared to 2009/10.

### **Variances from 2009/10**

Line R1, R3 and R4, are all lower because the 2009/10 costs included the former Business Care department which no longer exists.

Line R2 Meter reading – No costs are attributed to this heading

Line R6 Doubtful debt – No costs are attributed to this heading

Line R10 Cost of licensee credit for payments in arrears has increased as explained in the commentary for Table 14. For payments in advance this is a negative expense, as it is anticipated interest will be earned on such payments.

**Table 19: Indicative wholesale price calculations**

**Payment in arrears**

		First customer of 5 MI per year	Second customer of 5 MI per year	First customer of 15 MI per year	Second customer of 15 MI per year	First customer of 50 MI per year	Second customer of 50 MI per year	First customer of 500 MI per year	Second customer of 500 MI per year
<b>Indicative Wholesale Price calculation for 2010-11</b>									
Retail Income	£	5,618	5,618	16,886	16,886	47,505	47,505	402,350	402,350
Less ARROW costs	£	-101	-101	-189	-189	-430	-430	-3,222	-3,222
Plus expenses	£	72	55	161	144	402	385	3,193	3,187
Access charge	£	5,589	5,572	16,857	16,840	47,477	47,460	402,321	402,316
Wholesale price	£/m3	1.1179	1.1145	1.1238	1.1227	0.9495	0.9492	0.8046	0.8046

**Payment in advance**

		First customer of 5 MI per year	Second customer of 5 MI per year	First customer of 15 MI per year	Second customer of 15 MI per year	First customer of 50 MI per year	Second customer of 50 MI per year	First customer of 500 MI per year	Second customer of 500 MI per year
<b>Indicative Wholesale Price calculation for 2010-11</b>									
Retail Income	£	5,618	5,618	16,886	16,886	47,505	47,505	402,350	402,350
Less ARROW costs	£	-101	-101	-189	-189	-430	-430	-3,222	-3,222
Plus expenses	£	28	11	28	11	27	11	23	5
Access charge	£	5,545	5,529	16,725	16,708	47,102	47,086	399,151	399,133
Wholesale price	£/m3	1.1091	1.1057	1.1150	1.1139	0.9420	0.9417	0.7983	0.7983

**Table :ARROW costs resulting from common carriage input 5 MI**

		2011-12	2012-13	2013-14	2014-15	2015-16
<u>Supply/demand balance with no investment</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
<u>Forecast supply/demand balance with investment without licensee's water</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
Additional water due to be made available by water undertaker	MI/d					
Capital expenditure (capex) to provide additional water	£m					
Financing cost of capital	£k					
Current cost depreciation	£k					
Ongoing opex for providing additional water	£k					
Total costs	£k	0	0	0	0	0
<u>Water undertaker's revised supply/demand Balance with common carriage of 5MI/yr</u>						
Additional water from licensee	MI/d	0.01	0.01	0.01	0.01	0.01
Additional water due to be made available by water undertaker	MI/d	0	0	0	0	0
Revised supply/demand balance with investment and licensee's water	MI/d	22.01	13.41	12.11	-4.99	-8.29
Capex to provide additional water undertaker's water	£m					
Financing of capex	£k					
Current cost depreciation	£k					
Ongoing opex for additional water	£k					
Other opex saved	£k	-0.3	-0.3	-0.3	-0.3	-0.3
Total costs	£k	-0.3	-0.3	-0.3	-0.3	-0.3
ARROW costs with 5MI/yr common carriage input	£k	0.3	0.3	0.3	0.3	0.3
Equivalent ARROW costs per m3	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522

**Table :ARROW costs resulting from common carriage input 15 MI**

		2011-12	2012-13	2013-14	2014-15	2015-16
<u>Supply/demand balance with no investment</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
<hr/>						
<u>Forecast supply/demand balance with investment without licensee's water</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
Additional water due to be made available by water undertaker	MI/d					
Capital expenditure (capex) to provide additional water	£m					
Financing cost of capital	£k					
Current cost depreciation	£k					
Ongoing opex for providing additional water	£k					
Total costs	£k	0	0	0	0	0
<hr/>						
<u>Water undertaker's revised supply/demand Balance with common carriage of 15MI/yr</u>						
Additional water from licensee	MI/d	0.04	0.04	0.04	0.04	0.04
Additional water due to be made available by water undertaker	MI/d	0	0	0	0	0
Revised supply/demand balance with investment and licensee's water	MI/d	22.04	13.44	12.14	-4.96	-8.26
Capex to provide additional water undertaker's water	£m					
Financing of capex	£k					
Current cost depreciation	£k					
Ongoing opex for additional water	£k					
Other opex saved	£k	-0.8	-0.8	-0.8	-0.8	-0.8
Total costs	£k	-0.8	-0.8	-0.8	-0.8	-0.8
<hr/>						
ARROW costs with 15MI/yr common carriage input	£k	0.8	0.8	0.8	0.8	0.8
Equivalent ARROW costs per m3	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522

**Table 20:ARROW costs resulting from common carriage input 50 MI**

		2011-12	2012-13	2013-14	2014-15	2015-16
<u>Supply/demand balance with no investment</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
<hr/>						
<u>Forecast supply/demand balance with investment without licensee's water</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
Additional water due to be made available by water undertaker	MI/d					
Capital expenditure (capex) to provide additional water	£m					
Financing cost of capital	£k					
Current cost depreciation	£k					
Ongoing opex for providing additional water	£k					
Total costs	£k	0	0	0	0	0
<hr/>						
<u>Water undertaker's revised supply/demand Balance with common carriage of 50MI/yr</u>						
Additional water from licensee	MI/d	0.14	0.14	0.14	1.14	1.14
Additional water due to be made available by water undertaker	MI/d	0	0	0	0	0
Revised supply/demand balance with investment and licensee's water	MI/d	22.14	13.54	12.24	-3.86	-7.16
Capex to provide additional water undertaker's water	£m					
Financing of capex	£k					
Current cost depreciation	£k					
Ongoing opex for additional water	£k					
Other opex saved	£k	-2.6	-2.6	-2.6	-2.6	-2.6
Total costs	£k	-2.6	-2.6	-2.6	-2.6	-2.6
<hr/>						
ARROW costs with 50MI/yr common carriage input	£k	2.6	2.6	2.6	2.6	2.6
Equivalent ARROW costs per m3	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522

**Table 21:ARROW costs resulting from common carriage input 500 MI**

		2011-12	2012-13	2013-14	2014-15	2015-16
<u>Supply/demand balance with no investment</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
<u>Forecast supply/demand balance with investment without licensee's water</u>	MI/d	22.00	13.40	12.10	-5.00	-8.30
Additional water due to be made available by water undertaker	MI/d					
Capital expenditure (capex) to provide additional water	£m					
Financing cost of capital	£k					
Current cost depreciation	£k					
Ongoing opex for providing water	£k					
Total costs	£k	0.0	0.0	0.0	0.0	0.0
<u>Water undertaker's revised supply/demand Balance with common carriage of 500MI/yr</u>						
Additional water from licensee	MI/d	1.37	1.37	1.37	2.37	2.37
Additional water due to be made available by water undertaker	MI/d	0	0	0	0	0
Revised supply/demand balance with investment and licensee's water	MI/d	23.37	14.77	13.47	-2.63	-5.93
Capex to provide additional water undertaker's water	£m					
Financing of capex	£k					
Current cost depreciation	£k					
Ongoing opex for additional water	£k					
Other opex saved	£k	-26.1	-26.1	-26.1	-26.1	-26.1
Total costs	£k	-26.1	-26.1	-26.1	-26.1	-26.1
ARROW costs with 500MI/yr common carriage input	£k	26.1	26.1	26.1	26.1	26.1
Equivalent ARROW costs per m3	£/m3	0.0522	0.0522	0.0522	0.0522	0.0522

**Table 22 Common carriage price calculations**

		2011-12	2012-13	2013-14	2014-15	2015-16
<u>Common carriage of 5MI/yr</u>						
Company-specific large user K	%	3.9%	3.9%	3.9%	3.8%	0.0%
Retail income	£	5,618	5,837	6,065	6,295	6,295
Less ARROW costs (wholesale element)	£	29	29	29	29	29
Less ARROW costs (common carriage element)	£	261	261	261	261	261
Plus expenses	£					
Access charge	£	5,328	5,548	5,775	6,006	6,006
<b>Access price discount</b>	<b>£/m3</b>	<b>0.0579</b>	<b>0.0579</b>	<b>0.0579</b>	<b>0.0579</b>	<b>0.0579</b>
<u>Common carriage of 15MI per annum</u>						
Company-specific large user K	%	3.9%	3.9%	3.9%	3.8%	0.0%
Retail income	£	0	0	0	0	0
Less ARROW costs (wholesale element)	£	29	29	29	29	29
Less ARROW costs (common carriage element)	£	782	782	782	782	782
Plus expenses	£					
Access charge	£	-811	-811	-811	-811	-811
<b>Access price discount</b>	<b>£/m3</b>	<b>0.0541</b>	<b>0.0541</b>	<b>0.0541</b>	<b>0.0541</b>	<b>0.0541</b>
<u>Common carriage of 50MI/yr</u>						
Company-specific large user K	%	3.9%	3.9%	3.9%	3.8%	0.0%
Retail income	£	47,505	49,358	51,283	53,231	53,231
Less ARROW costs (wholesale element)	£	28	28	28	28	28
Less ARROW costs (common carriage element)	£	2,608	2,608	2,608	2,608	2,608
Plus expenses	£					
Access charge	£	44,869	46,721	48,646	50,595	50,595
<b>Access price discount</b>	<b>£/m3</b>	<b>0.0527</b>	<b>0.0527</b>	<b>0.0527</b>	<b>0.0527</b>	<b>0.0527</b>
<u>Common carriage of 500MI per annum</u>						
Company-specific large user K	%	3.9%	3.9%	3.9%	3.8%	0.0%
Retail income	£	402,350	418,042	434,345	450,850	450,850
Less ARROW costs (wholesale element)	£	29	29	29	29	29
Less ARROW costs (common carriage element)	£	26,079	26,079	26,079	26,079	26,079
Plus expenses	£					
Access charge	£	376,242	391,934	408,238	424,743	424,743
<b>Access price discount</b>	<b>£/m3</b>	<b>0.0522</b>	<b>0.0522</b>	<b>0.0522</b>	<b>0.0522</b>	<b>0.0522</b>

## **Table 22 – Retail expenses commentary**

### **Sources of data**

The ARROW costs relating to the wholesale element is extracted from that used to prepare Table 14 of Access Code reporting. All comments made in the commentary for Table 14 are therefore relevant.

The ARROW costs for the common carriage element relate to operating costs.

### **Basis of calculations of ARROW costs for the common carriage element**

The operating costs are taken from table 21a of the June Return, under water resources, raw water distribution and water treatment:

- Line 2 power, £4,417k
- Line 6 materials and consumables, £2,597k

The total of these costs is then divided by the average daily water into supply, which is taken from table 10 of the June Return, line 29, 277.50MI /day.

The result is a cost of £0.052/m<sup>3</sup>, which when multiplied by the appropriate volumes produces ARROW costs for the common carriage element as follows:

Volume	5 MI	15 MI	50 MI	500 MI
ARROW costs £	261	782	2,608	26,079

# Operational code for Wholesale Supplies

## 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/m<sup>3</sup> from the standard retail tariff. The offer shall also explain:
  - (i) the basis of the discount from the standard retail tariff; and
  - (ii) any difference between the indicative discount for such a customer and the discount in the customer-specific offer.
- (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/m<sup>3</sup> from the standard retail tariff. The offer shall also explain:

- (i) the basis of the discount from the standard retail tariff;
  - (ii) any difference between the indicative discount for such a customer and the discount in the customer-specific offer; and
  - (iii) any specific terms agreed by the parties.
- (d) If the licensee accepts the access price offered by the appointed water company, the Customer Transfer Protocol process will switch the customer to the licensee. If the licensee is unable to agree an access price with the appointed water company, the parties shall follow the dispute resolution procedure set out in section 4 below.

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

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

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

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

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

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

### 3. Access pricing

- 3.1 This section provides guidance with respect to the fixing of access charges, in accordance with section 66D(6) of the Act.
- 3.2 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.
- 3.3 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.
- 3.4 Appointed water companies operating wholly or mainly in Wales shall, as a minimum, publish indicative wholesale supply charges for customers consuming 50MI and 500MI per year.
- 3.5 The indicative charging information published by an appointed water company shall clearly show the difference between its standard retail charge and the wholesale supply charge it has calculated.
- 3.6 The indicative charging information published by an appointed water company shall include:
  - (a) Charging data for a period of five (5) years, starting with the current charging year;

(b) The difference in wholesale supply charge where:

- (i) the licensee pays its charges in arrears; and
- (ii) the licensee pays its charges in advance.

Charges at (b)(ii) shall be calculated in accordance with paragraph 4 of schedule 2 to the common contract; and

(c) The discounts for the first and second customer of a specific licensee.

3.7 Indicative wholesale supply charges published by an appointed water company shall be for the service defined in clause 2 of the common contract.

3.8 When publishing or amending any indicative charging information, an appointed water company shall explain any assumptions it has made for the purpose of calculating that information.

3.9 Indicative charging information shall be reviewed by an appointed water company every year by 15 October. This information may also be reviewed at any other time. An appointed water company shall notify Ofwat and publish updated information on its website within seven (7) days of making any modifications to its indicative charging information.

3.10 If requested, an appointed water company shall provide Ofwat with information to explain how it has calculated its indicative wholesale supply charges. Such information shall be provided in such manner, and by such time, as Ofwat may specify.

3.11 Nothing in this operational code limits an appointed water company's ability to publish indicative charging information for supplies and in respect of circumstances which are not specified in this section.

3.12 If a licensee has made an application to an appointed water company in respect of the supply to a particular customer, the appointed water company may offer its published indicative wholesale charge for such supply if it considers that charge to be appropriate.

#### 4. Dispute resolution procedure

- 4.1 This section sets out the dispute resolution procedure applicable to all disputes and differences arising out of or in connection with this operational code.
- 4.2 The parties shall, in the first instance, attempt to resolve any dispute or difference using the following procedure:
- (a) 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.
  - (b) 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.
  - (c) 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.

# Common contract for Wholesale Supplies

## Contents

	Clause	Page
1	Definitions and Interpretation.....	3
2	Water Supply .....	5
3	Term .....	6
4	Warranties .....	6
5	Compliance with Relevant Laws.....	6
6	Supply System.....	7
7	Meters .....	7
8	Supply Interruptions.....	8
9	Information and Notification of Supply Interruptions and Supply Changes .....	8
10	Special Consumers .....	9
11	Unmeasured Takes .....	9
12	Licensee Equipment.....	10
13	Charges and Payment.....	10
14	Change Control Process .....	11
15	Adding Premises .....	11
16	Switching Premises .....	11
17	Termination.....	12
18	Exit Arrangements.....	13
19	Force Majeure Event .....	14
20	Dispute Resolution .....	15
21	Limitation of Liability .....	16
22	Intellectual Property Rights.....	17
23	Assignment.....	18
24	Notices .....	18
25	Relationship of the Parties.....	19
26	Third Party Rights.....	19
27	Entire Agreement.....	20
28	Survival of Rights.....	20
29	Waiver .....	21
30	Rights Cumulative .....	21
31	Severance .....	21
32	Counterparts.....	21
33	Governing Law .....	22

Schedule

Definitions .....	23
Charges.....	30
Change Control Process .....	35

Appendix

Data Sheet

This Contract is made on

20[ ]

Between

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

[ ], a company incorporated in England and Wales (No. [ ]) whose registered office is at [ ] (the **Licensee**).

Whereas

The Undertaker holds an Instrument of Appointment under the Act and the Licensee holds a Water Supply Licence under the Act.

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.

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

1.1 In this Contract the definitions in schedule 1 (**Definitions**) shall apply.

1.2 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.
- 1.3 The headings and contents table in this Contract are for convenience only and do not affect its interpretation.
- 1.4 In this Contract, the word 'Premises' shall be construed in the singular unless the context requires otherwise.
- 1.5 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.
- 1.6 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 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

duly authorised for and on behalf of

Signed by

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Force Majeure Event** means any act of God, adverse weather conditions (excluding any serious deficiency in supplies caused by an exceptional shortage of rain), strike,

lockout or other industrial disturbance or dispute (other than one affecting only the Party in question or its parent company or other companies in its group or otherwise associated with it), war, threat of war, act of terrorism, blockade, revolution, riot, civil commotion, public demonstration, sabotage, earthquake, or other event or circumstance which is beyond the reasonable control of the Party in question to the extent that it causes or results in an inability to perform obligations under this Contract.

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

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

**Intellectual Property** means:

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

in each case subsisting at any time in any part of the world (whether registered or unregistered) and (i) any pending applications or rights to apply for registrations of any of these rights that are capable of registration in any country or jurisdiction and

(ii) any similar or analogous rights to any of these rights, whether arising or granted under the laws of England and Wales or in any other jurisdiction.

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

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

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

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

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

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

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

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

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

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

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

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

- (a) is identified in the Undertaker's maintenance plans as notified to the Licensee in accordance with clause 9; or

(b) was a reasonably foreseeable maintenance requirement.

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

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

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

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

**Relevant Law** means:

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

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

**Special Consumer** means any Customer that:

- (i) the Undertaker and the Licensee agree; or

- (ii) a Competent Authority specifically or generally determines by relevant notice,

regularly requires water urgently on medical or other grounds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**VAT** means value added tax.

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

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

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

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

## Schedule 2

### Charges

#### Calculation of Charges

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

#### Payment of Charges

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

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.

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

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

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

the Premises;

the Charges;

the Charges Terms;

For each Meter –

the Transfer Read, preceding Meter Read or preceding Estimated Read (as appropriate);

the present Meter Read, present Estimated Read or the Termination Read (as appropriate);

any adjustments from previous Billing Periods;

any Charges Adjustment; and

any VAT payable.

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).

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.

#### Charges Adjustments

If the Licensee is making payment in advance (see paragraph 4 below) for the Water Supply, the Undertaker shall deduct the Advance Payment Discount from the Charges.

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.

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:

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

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.

#### Payment in Advance

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

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

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

The Licensee shall pay the Provisional Monthly Charge no later than five (5) Working Days prior to the commencement of the relevant Billing Period;

At the end of the relevant Billing Period, the Licensee shall perform (or procure the performance of) the Meter Read (or Transfer Read) and notify the Undertaker in writing of the Meter Read (or Transfer Read) not more than five (5) Working Days after the expiry of the relevant Billing Period;

The Undertaker shall thereafter issue an invoice for the Charges for the relevant Billing Period to the Licensee in accordance with the date determined by the Licensee under paragraph 2.1 or 2.2 above and with paragraph 4.4 below.

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

the Premises;

the Charges;

the Charges Terms;

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);

any adjustments from previous Billing Periods;

any Charges Adjustment;

any VAT payable;

a credit for the amount of the Provisional Monthly Charge for the relevant Billing Period; and

the amount of the Provisional Monthly Charge for the following Billing Period.

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

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

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

## Reconciliation

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

Insofar as the Reconciliation Report shows that there is a discrepancy between payments made and amounts owing and this amount is undisputed then:

if there has been an undercharge over the Reconciliation Period, the Licensee shall make a payment of such undercharge within 30 Working Days of receipt of the Reconciliation Report; or

if there has been an overcharge over the Reconciliation Period, the Undertaker shall make a payment of such overcharge within 30 Working Days of issue of the Reconciliation Report.

## Schedule 3

### Change Control Process

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

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

## Appendix

### Data Sheet

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

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

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