



South Staffs Water

incorporating



Network Access Code For South Staffs and Cambridge Regions

October 2016

Contents

Contents	2
Addendum to the Access Code – October 2016.....	6
1. Section 1: Overview	7
1.1 Role of the access code.....	7
1.1.1 Overview of Access code Contents	8
1.1.2 Review Process	8
1.1.3 Liaison with Sewerage Undertaker	8
1.1.4 Period of Agreement	8
1.1.5 Sub-Contracting of Agreement	8
1.1.6 General Requirements for Fluoridation.....	9
1.1.7 General Liaison between the Company and the Licensee	9
1.2 Relevant Framework Documents	9
1.2.1 Primary and secondary legislation.....	9
1.2.2 Statutory and non-statutory guidance	9
1.2.3 Conditions of appointment.....	10
1.2.4 Other relevant documents	10
1.3 About the Access code documents	10
1.4 Role of key industry players.....	11
1.4.1 The Company.....	11
1.4.2 The Licensee.....	13
1.4.3 Water Services Regulation Authority (Ofwat).....	14
1.4.4 The Drinking Water Inspectorate (DWI).....	14
1.4.5 The Environment Agency (EA)	15
1.4.6 Consumer Council For Water (CCWater)	15
1.4.7 Department for the Environment, Food and Rural Affairs (DEFRA)	16
1.5 Definition of services	16
1.5.1 Primary water undertaker	16
1.5.2 Secondary water undertaker	16
2. Section 2: Application for access to the water undertaker’s supply system – primary undertaker.....	17
2.1 Process requirements.....	17
2.1.1 Confidentiality agreements.....	17
2.1.2 Information requirements.....	17
2.1.3 Timescales	18
2.1.4 Application Fees.....	20
2.1.5 Credit provisions	20
2.2 Confirming eligibility.....	20
2.2.1 Responsibilities	20
2.2.2 Boundary definition.....	21
2.2.3 Household / non-household premises	21

2.2.4	Volume threshold	22
2.2.5	Supply arrangements for Licensees	22
2.2.6	Attachment to the supply system	22
2.2.7	Customers in debt	22
2.3	Application process	23
2.3.1	Combined supply arrangements.....	23
2.3.2	Retail supply arrangements.....	28
2.3.3	Objections and rejection process.....	30
2.4	Access criteria.....	31
2.4.1	Water quality input specification	31
2.4.2	Water flow and pressure.....	32
2.4.3	Water quality sampling and monitoring.....	32
2.4.4	Volume measurement	32
3.	Section 3: Application for access to the Water Undertaker’s supply system – Secondary Undertaker	33
3.1	Definition of Secondary Supplies.....	33
3.2	Assessing Whether a Secondary Supply Arrangement is Possible	33
3.2.1	Assessment of ‘Spare’ Water	33
3.2.2	Role of the Environment Agency (EA)	34
3.3	Entering into a Secondary Supply Arrangement	35
3.3.1	Information Gathering.....	35
3.3.2	Formal Applications for Secondary Supply Arrangements.....	35
3.3.3	Detailed Application.....	37
3.4	Cost Recovery	39
3.5	Contractual Arrangements	39
3.6	Detailed Contract Negotiations	40
3.7	Handling Disputes.....	40
4.	Section 4: Customer Transfer Protocol (CTP).....	41
4.1	Principles	41
4.2	Rules of behaviour	41
4.3	Data transfer	41
4.4	Registration and operational processes.....	42
5.	Section 5: Control and Balancing of the Supply System.....	43
5.1	Supply system management	43
5.1.1	Unbilled water	43
5.1.2	Security of supply – drought and water resource plans	43
5.1.3	Telemetry requirements for supply system control.....	44
5.1.4	Secondary connections	44
5.1.5	Supply system maps and plans.....	45
5.1.6	Point of entry controls and failure modes.....	45
5.1.7	Changes in quality where this has an impact on major customers.....	45
5.1.8	Licensee’s sources impacting on water quality blending rules	46

5.2	Metering services	46
5.2.1	Meter asset management.....	46
5.2.2	Meter calibration and verification	47
5.2.3	Meter reading and meter reading verification.....	47
5.3	Supply system balancing	48
5.3.1	Strategic balancing	48
5.3.2	Flow balancing and reconciliation process	50
6.	Section 6: Supply System Maintenance and Emergency Procedures	52
6.1	Diagnosis of system issues	52
6.1.1	Obligations with respect to diagnosis of supply system problems.....	52
6.1.2	Quality issues.....	52
6.1.3	Hydraulic issues	53
6.1.4	'Real' time information capture systems	54
6.1.5	Reporting procedures.....	54
6.2	Planned system maintenance	55
6.2.1	Obligations with respect to planned maintenance.....	55
6.2.2	Specification of assets.....	55
6.2.3	Maintenance standards	56
6.2.4	Risk assessment processes	56
6.3	Unplanned system maintenance	57
6.3.1	Obligations with respect to unplanned maintenance.....	57
6.3.2	Risk assessment processes	58
6.3.3	Emergency notices.....	58
6.4	Safety aspects of unplanned and emergency work	58
6.4.1	Status classification.....	58
6.4.2	Standard emergency reporting procedures.....	59
6.4.3	Major emergency reporting procedures	59
6.5	Emergency procedures for dealing with specific events, issues and incidents	60
6.6	Customer protection	60
6.6.1	Special consumers	60
6.6.2	Large scale customer warning procedures	60
6.6.3	Emergency compensation payments.....	61
6.6.4	Emergency operational planning exercises	61
6.7	Support processes	61
6.7.1	Arrangements for press liaison	61
6.7.2	Arrangements for the dissemination of severe weather warnings	62
6.7.3	Emergency contacts.....	62
6.8	Reportable situations	62
7.	Section 7: Customer Contact Arrangements	64
7.1	Customer contact arrangements for operational queries and complaints..	64
7.1.1	Customer meter reading.....	64

7.1.2	Billing and debt collection	64
7.1.3	Operational issues.....	65
7.1.4	Complaint handling processes.....	65
7.1.5	Obligations on water undertaker.....	66
7.1.6	Obligations on Licensee	66
7.1.7	Disconnection.....	67
7.2	Customer contact arrangements for emergencies and events	67
7.2.1	Special consumers	67
7.2.2	Large scale customer warning procedures	67
7.2.3	Obligations on water undertakers	68
7.2.4	Obligations on Licensees	68
8.	Section 8: Supply System Connections	70
8.1	Connection of Licensee’s source to supply system.....	70
8.2	Connection of qualifying premises to the supply system	70
8.3	Connection of secondary water undertaker’s supply system to the primary water undertaker’s supply system.....	71
9.	Section 9: Legal Contract, Arbitration and Disputes Resolution	72
9.1	Contract terms.....	72
9.1.1	Contents.....	72
9.2	Arbitration and disputes resolution processes.....	75
10.	Section 10: Access Pricing.....	77
10.1	Indicative access prices	77
10.1.1	Indicative Wholesale Prices.....	77
10.1.2	General Information on the Supply Demand Balance	77
10.1.3	Indicative Combined Supply Prices	77
10.2	Case specific access prices	78
10.3	Water Resource Zone Information	78
11.	Section 11: Glossary of Defined Terms	79
APPENDIX A: Confidentiality Agreement.....		84
APPENDIX B: Company Information		86
APPENDIX C: Detailed Application Information		87
APPENDIX D: Wholesale Application Proforma		115

Addendum to the Access Code – October 2016

From April 2017 the business retail market in England and Wales opens with all business customers able to switch supplier.

The current Water Supply Licence (WSL) framework will be replaced with the Water and Sewerage Supply Licence (WSSL) framework. The existing 'Combined Supply Licence' (CSL), which provides a supplementary authorisation allowing retailers to introduce their own water into the supply network of the incumbent wholesaler for the supply of their own customers, is still in place but is now amended into a 'wholesale authorisation' component of the WSSL.

Within this document it can be assumed that where the WSL, CSL or supplementary authorisation is referred to, that this is interchangeable with the WSSL and wholesale authorisation in the new framework from April 2017. The 5 Ml/annum threshold remains in place from April 2017 for the supply of water under a wholesale authorisation.

1. Section 1: Overview

This Access code is available on our regional websites at www.south-staffs-water.co.uk and www.cambridge-water.co.uk. For any enquires regarding this document or access prices in general please contact:

Regulation Team,
South Staffs Water Plc,
Green Lane,
Walsall,
WS2 7PD.

1.1 Role of the access code

This network access code is designed to guide holders of a water supply licence (the Licensee) with making their application for access to the Company's water supply network to supply on a retail or combined basis. It is not contractually binding in itself nor does it constitute a legally binding offer, however it is intended to be the starting point for the formulation of a contractual agreement between the incumbent and the potential new entrant. Some of the terms set out in this access code are for illustration only. Licensees should consult with the Company, if possible prior to submitting an application, to obtain more detailed guidance. Specific access agreements will be based on case specific issues. The period of any access agreement will be clearly defined between the Licensee and the Company.

Non-household customers who are likely to use at least 5 megalitres (Ml) per year at eligible premises have the option of switching from their existing water undertaker to an alternative water supply licensee.

The Water Industry Act 1991 (WIA 1991) as amended by the Water Act 2003 (WA03) permits a holder of a water supply licence (the Licensee) to have access to South Staffs Water's supply system to enable them to supply water to eligible premises within the Company's area of operation. Prospective Licensees will have to obtain a water supply licence before they can supply water through the Company's water supply system. Prospective suppliers will be able to apply for licences from the Water Services Regulation Authority (Ofwat) on the following basis:

- A **retail licence** – a water supply licence that authorises the holder to use a water undertaker's supply system for the purpose of supplying water to the premises of its customers ('the retail authorisation'). A retail licence therefore permits the supplier to purchase a wholesale supply of water from a water undertaker and to retail it to customers at eligible premises.
- A **combined licence** – a water supply licence that gives the holder the 'supplementary authorisation' in addition to the retail authorisation. The supplementary authorisation allows the holder to introduce water into a water undertaker's supply system by means of which any particular supply of water to the premises under the Licensee's retail authorisation is to take place.

1.1.1 Overview of Access code Contents

This code sets out the following:

- The Company's procedure for dealing with a Licensee that makes an application to it under sections 66A – 66C WIA 1991.
- Any feasibility studies which the water undertaker might undertake in response to any of those possible applications (including the method of calculating of any costs associated with any such study which the water undertaker proposes to use with a view to recovering them from any such applicant); and
- The terms (including indicative prices) upon which the water undertaker will perform its duties under sections 66A – 66C.

1.1.2 Review Process

This network access code will be reviewed and amended as appropriate by the Company at intervals as required to remain compliant with Ofwat's guidance. Likewise, the Company may need to amend the access code to take account of such matters as changes in technology or the evolving market place or any other issues which fall outside of the scope of Ofwat's guidance but which are not necessarily contrary to Ofwat's guidance. Potential applicants should ensure that they are working to the latest version of the Company's network access code document. The Company will not be liable to any applicant who incurs any loss as a result of relying on any particular version of the access code where the Company has subsequently amended the access code in the light of circumstances permitted by the access code and the Company's regulatory obligations. Ofwat require that all companies amend their access code on an annual basis.

1.1.3 Liaison with Sewerage Undertaker

As sewerage undertaker, liaison will be required with either Severn Trent Water Ltd (for the South Staffs Region) or Anglian Water Ltd (for the Cambridge Region), further to any access agreements applications by a water supply licensee.

1.1.4 Period of Agreement

The access agreement will preferably be of indefinite duration rather than for a fixed term and will not terminate automatically unless the parties agree otherwise. However they will contain a clause allowing the parties to review the agreement on certain conditions, for example:

- After five years (or some other agreed period);
- After a period of inactivity by the Licensee; or
- In the event of substantial and relevant changes of circumstance (to be agreed by the parties).

1.1.5 Sub-Contracting of Agreement

Any requirements by the Licensee to sub-contract in part or in whole any elements of the access agreement will require the prior authorisation of the Company. Sub-contractors would be subject to the same conditions as the Licensee.

1.1.6 General Requirements for Fluoridation

Depending on the region and area, there may be a requirement to supply fluoridated water. This is subject to a legal agreement. This is a requirement of the local Strategic Health Authority (SHA) and any Licensees who enter into a combined supply access agreement will need to adhere to this requirement where it applies. Licensees must approach the Strategic Health Authority to seek advice on the legal position and ascertain if they are covered by the Government's indemnity.

1.1.7 General Liaison between the Company and the Licensee

Where applications for access are in excess of 500 megalitres (MI) per year, liaison meetings will initially be held monthly and subsequently on a quarterly basis. Where applications for access of less than 500 megalitres (MI) per year are submitted, liaison meetings will be held at a lesser frequency as and when required.

1.2 Relevant Framework Documents

Reference should be made as appropriate to the following:

1.2.1 Primary and secondary legislation

Water Industry Act 1991 (WIA1991) as amended by Water Act 2003 (WA03)
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

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

Guidance on Access codes
http://217.199.176.110/competition/wsl/gud_pro_accesscodes310707.pdf

Guidance on eligibility
http://www.ofwat.gov.uk/competition/wsl/wslpublications/gud_pro_wslelig.pdf

Guidance on Applying for a Water supply licence
http://www.ofwat.gov.uk/competition/wsl/wslpublications/gud_pro_wslapplic.pdf

Customer Transfer Protocol
http://www.ofwat.gov.uk/competition/wsl/pap_pos_wsltransprot.pdf

Guidance on Strategic Supplies

http://www.ofwat.gov.uk/competition/wsl/gud_pro_stratsuppguid.pdf

Guidance on Secondary Supplies

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

Water Supply Licensing Determinations Procedure

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

Office of Fair Trading Competition Act 1998 Application in the Water and Sewerage Sectors

http://www.ofwat.gov.uk/shared_ofwat/business_leaflets/ca98_guidelines/ofwat422.pdf

Guidance on compliance codes

http://www.ofwat.gov.uk/competition/wsl/wslpublications/pap_pos_compcodes290708.pdf

1.2.3 Conditions of appointment

The Company's Instrument of Appointment can be found on Ofwat's website at:

http://www.ofwat.gov.uk/industrystructure/licences/lic_lic_sst.pdf

1.2.4 Other relevant documents

DWI Information Letter 13/04 Common Carriage: Guidance on the Drinking Water Quality Aspects

www.dwi.gov.uk/regs/infolett/2004/info1304.shtm

DWI Guidance on the Water Supply (Water Quality) Regulations 2000

<http://www.dwi.gov.uk/regs/pdf/GuidanceMay05.pdf>

DWI Guidance on the Notification of Events

<http://www.dwi.gov.uk/regs/infolett/2004/info1204guidance.pdf>

DWI Guidance to the Water Undertakers (Information) Direction 2004

<http://www.dwi.gov.uk/regs/infolett/2005/info0705.shtm>

1.3 *About the Access code documents*

The Company is required by Condition R of its appointment as a water undertaker to publish an access code setting out the basis upon which it will permit access to its supply system under sections 66A-66C Water Industry Act 1991(WIA91). This access code contains the standard provisions and policies that all Licensees are expected to adhere to regarding access to the supply system. The access code also identifies items that will be specific to each application, the details of which will be addressed in the terms and conditions of the access agreement. The access code includes details of South Staffs Water's indicative prices and underlying methodology to give potential Licensees a broad indication of likely prices for access to the supply system in standard situations. Condition R requires all water undertakers to review their access code on an annual basis and/or to modify it following the issue of any future guidance, by OFWAT, in respect of the access code. This means that the Company will review its access code annually by 15 October and will continue to revise the access code in line with existing and future guidance, as issued.

1.4 Role of key industry players

1.4.1 The Company

The Company is the water undertaker appointed under Chapter 2A of the WIA 1991 to provide water services within the defined geographic areas of operation. The Company own, and will continue to own, the supply system and associated infrastructure.

Further to an application by a Licensee to supply either on a retail or combined supply basis an eligible customer within the Company's area of supply, the Company will undertake feasibility studies to assess the viability of the proposals within the application, and where appropriate will subsequently offer access terms to the Licensee.

For enquiries, please contact:

Philip Saynor,
Director of Finance and Regulation,
South Staffs Water,
Green Lane,
Walsall,
WS2 7PD.

The Company is obliged to provide the following services subject to the conditions detailed below:

1.4.1.1 Primary Undertaker

(i) Retail water supply

Where a Licensee requests the Company to provide a supply of water, under section 66A of WIA91, and the premises are within the Company's supply area, the Company 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 the Company carries out these duties are agreed with the Licensee in accordance with Ofwat's access code guidance and the cost principle.

(ii) Introduction of water into the water undertaker's supply system

Where a Licensee requests the Company's permission to introduce water into its supply system, under section 66B of WIA91, and in line with the requirements of the retail authorisation aspects of the combined licence, the Company 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 the Company 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 the Company's area, the Company 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 of WIA91. These steps may include connecting the Company's supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, the Company 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 the Company carries out these duties are agreed with the Licensee in accordance with Ofwat's access code guidance and the costs principle.

1.4.1.2 Secondary undertaker

Where a combined Licensee requests the Company 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, the Company 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 the Company 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 the Company's water supply system, of a supply obtained from a secondary undertaker involves two transactions, governed by separate agreements:

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

Where appropriate, the Licensee, the 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 the Company is identified as a secondary undertaker within an access application, the Company expects to be involved as necessary in discussions with the Licensee and the primary undertaker. The Company 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.

1.4.1.3 Conditions under which duties do not apply

Section 66A of 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 the Company would:

- Require the Company 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 the Company'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 of WIA91 and related to section 66A(6) of WIA91, in relation to the water fittings used or to be used in connection with:

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

1.4.2 The Licensee

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

Section 66I of 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) of 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 the Company's supply system.

Section 66J of WIA91 prohibits the unauthorised introduction of water into a water undertaker's supply system. The introduction of water is only permitted by:

- The primary water undertaker itself;
- A Licensee under the terms of its licence; or
- By another water undertaker under an agreement for a bulk water supply.

Under 66J of 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 the Company's supply system.

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

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

1.4.3 Water Services Regulation Authority (Ofwat)

Ofwat is the economic regulator of the water industry in England and Wales.

The WIA91 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 the granting of water supply licences to prospective water suppliers on the following basis:

- A retail licence;
- A combined licence;
- A variation of a retail licence to add the supplementary authorisation; and
- A variation of a retail licence to remove the supplementary authorisation.

Prospective suppliers will be required to submit an application to Ofwat to obtain a water supply licence. In reviewing this licence application Ofwat will assess whether the applicant has the appropriate skills and competencies required. It will take into account the financial stability, managerial competency and technical competency as outlined in the relevant guidance document.

Where the parties, further to negotiation, cannot reach agreement on:

- The period,
- Terms and conditions of proposed Access Agreements as specified in section 66D(2) WIA91, and
- The conditions for refusing supplies,

Ofwat will have responsibility for determination.

Further to the conditions of water supply licensing, Ofwat also hold responsibility for audit of the Company's indicative access prices. Indicative access prices in Section 9 have been audited by the Company's previous reporters Black and Veatch. Further information is available on Ofwat's website under Water Supply Licensing: www.ofwat.gov.uk.

1.4.4 The 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 and the Company is satisfied that the treatment processes meet the relevant regulatory requirements and the works is being operated in a competent manner.

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

Overall, Licensees will be subject to the same level of regulation as Undertakers. Further information can be found in the Water Supply Licensing section of the DWI's website at www.dwi.gov.uk.

1.4.5 The Environment Agency (EA)

The EA 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 three 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 EA reviews these plans and advises the Government on their adequacy.

Water undertakers also produce Water Resources Management Plans every five years, which identify available resources, forecast demand and set out how future deficits may be addressed through either resource development or demand management options. The EA also reviews these plans and advises the Government on their adequacy. 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 EA to take water from surface water or groundwater. Every new proposal to abstract or impound water undergoes extensive scrutiny and investigation before a decision is made to grant or refuse an abstraction licence application. There is a need to ensure that water resources are safeguarded and that abstractions do not damage the environment.

Secondary supplies (under section 66C of WIA91) 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 EA will also play a role in advising Ofwat on whether the criteria for rejecting a proposal for a secondary supply under sections 66C (5) or (6) of the Water Industry Act 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the EA's website.

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

1.4.6 Consumer Council For Water (CCWater)

The CCWater will represent and protect the interests of all customers, at both eligible and non-eligible premises. Further information is available on CCWater's website:

<http://www.ccwater.org.uk/>

1.4.7 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, the Company 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>

1.5 Definition of services

The Company 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 the Company being either the Primary Undertaker (section 66A and 66B of the WIA91) or a secondary undertaker (section 66C of the WIA91).

1.5.1 Primary water undertaker

1.5.1.1 Wholesale water supply

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

1.5.1.2 Introduction of water into the supply system

The Company 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.

The Company 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.

1.5.2 Secondary water undertaker

The Company 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. The Company will lay such pipes and construct such other works as are necessary to connect the supply with the pipes in the area of the Primary Undertaker.

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

2.1 Process requirements

2.1.1 Confidentiality agreements

The Company and Licensees will be required to enter into a confidentiality agreement to enable the application process, and associated negotiations, to proceed after initial contact has been made by the Licensee with the Company.

The Company will issue the draft confidentiality agreement to the Licensee after initial contact has been made, and subsequent to any meeting required further to that initial contact, where the Licensee wishes to proceed with the application.

A copy of the Company's confidentiality agreement can be found in Appendix A of this document.

This confidentiality agreement will be required to be signed by both the Company and the Licensee to enable the application process, and associated negotiations, to proceed.

2.1.2 Information requirements

To progress a Licensee's application for combined access, the following information should be provided to support the relevant application stage.

2.1.2.1 Initial Contact

The Licensee should confirm to the Company the details as set out below as part of the initial contact process.

If the Licensee requires a meeting with the Company to discuss its request for a combined supply this should be confirmed and the Company will arrange a meeting within 10 working days.

To proceed to the next stage of the application process, the Licensee and the Company need to enter into the mandatory confidentiality agreement as previously included.

2.1.2.2 Initial Application

Any application submitted at this stage should include a signed consent form from the prospective customer, stating that the customer has expressed an interest in the Licensee becoming its new supplier. This consent form must contain a waiver by the customer of any restrictions on disclosure by the Company to the Licensee of information held by the Company, which is necessary to disclose to the Licensee for the purposes of the proposed new supply arrangements.

At this stage, and with its prospective customer's consent, the Licensee should inform the Company in writing of the type of premises to be supplied. The Company, or another relevant party (other than the applying Licensee) involved in the process, for example DWI, have the right, at any stage of the application process, to raise an objection with the Licensee if it thinks the customer is not eligible.

The Licensee should set out in detail what it will require from the Company in order to provide its specified level of service to its prospective customer. This should include the proposed details of any physical works, which may be required to provide supply to the prospective customer.

2.1.2.3 Detailed Application

Where an application is still considered to be feasible further to the initial application, the Company will require detailed information to be submitted regarding the Licensee's proposed methodology to supply. Based on the submitted information the Company will undertake a detailed feasibility study to test the viability of the proposal and to determine proposed terms for access.

The information required at this stage is as outlined in the questionnaire attached in Appendix C which will require completion by the Licensee and return to the Company.

2.1.2.4 Detailed Contract Negotiations

Where a Licensee accepts the terms as offered by the Company (subject to execution by both parties of a formal written contract), the Company will send the Licensee a written contract normally within ten working days. The Licensee should sign the contract and return it within ten working days.

2.1.3 Timescales

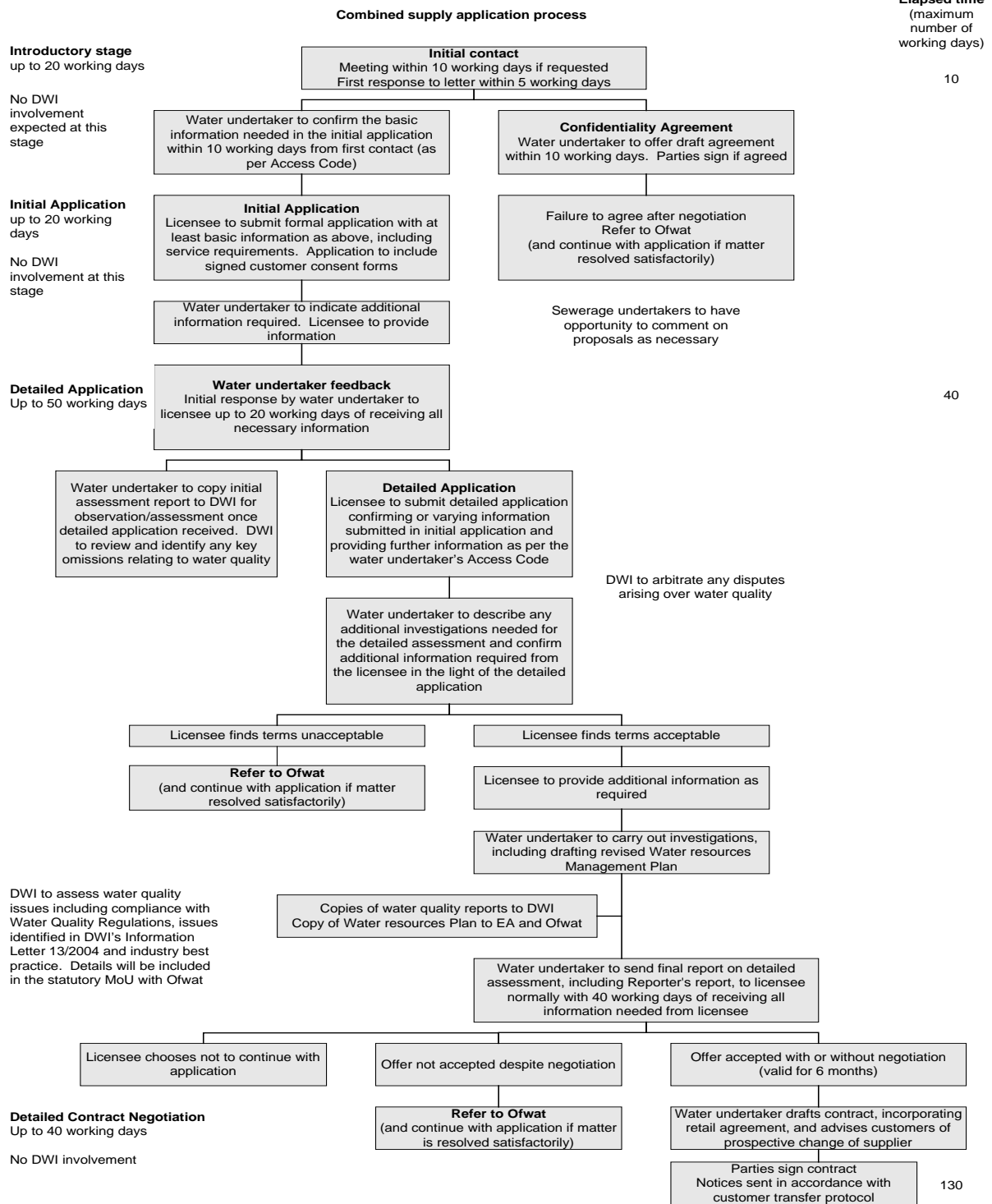
Combined supply application

It is anticipated that this process should take no more than 130 working days to complete.

The key application stages and associated timescales are as follows:-

- Introduction stage 20 working days
- Initial application 20 working days
- Detailed application 50 working days
- Detailed contract negotiations 40 working days

Figure 1: Combined supply application process



Applications will be dealt with further to the application process as detailed in section 2.3 'Application Process'.

2.1.4 Application Fees

The Company will not charge for processing a wholesale or combined application for access. This includes any costs related to discussing, negotiating and agreeing terms and conditions of a wholesale master agreement or confidentiality agreement and any costs related to processing premises-specific applications for both wholesale and combined supplies, including any costs for feasibility studies.

2.1.5 Credit provisions

The Company will not undertake credit checks on new Licensees. This is in line with its policy on current large users.

2.2 Confirming eligibility

Section 17A(3) WIA91 sets out the following three requirements that must be satisfied for a set of premises to be eligible to be supplied by a Licensee:

- The Customer's premises must not be household premises (as defined by section 17C WIA91). Single-site, mixed-use premises will be eligible if the principal use of the premises is not as someone's home – i.e. the premises should have a non-household consumption element of more than 50% to be eligible.
- 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 not be less than 50ML, (the "threshold requirement") (as defined by section 17D WIA91); and
- The premises may only be supplied by one Licensee at any time (but may be supplied by a Licensee and one or more undertakers).

Further information can be found in Ofwat's guidance on eligibility:

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

2.2.1 Responsibilities

In all cases and for all aspects of eligibility, the onus is on the Licensee to 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 the Company's supply system for the purpose of supplying water to any premises of a customer, or for the Licensee to introduce water into the Company's supply system. It is therefore a criminal offence for a Licensee to breach any of the eligibility requirements set out above.

In addition, any Licensee that contravenes these requirements could face enforcement action by Ofwat under section 18 of WIA91 and may incur financial penalties under section 22A of 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 as to whether a customer's premises are eligible.

2.2.2 Boundary definition

WIA91 does not define 'premises' for the purpose of assessing eligibility. Premises can include buildings or land. It is important that a Licensee defines the extent of a customer's premises to ensure that it is a single set of premises. Licensees can only supply customers at individual premises, each of which 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 if the premises:-

- (i) is located within a single boundary and a single customer occupies the premises and is liable for water bills in respect of those premises (single boundary premises);
- (ii) consists of co-located buildings, other similar structures and/or land occupied by a single customer who is liable for water bills in respect of those premises and either which have adjoining boundaries or which are separated only by transport infrastructure (common occupation co-located premises); or
- (iii) consists of a single building or co-located separately occupied buildings, other similar structures and/or land with all four of the characteristics below:-
 - with common building or land management for the whole premises;
 - which have adjoining boundaries or are separated only by transport infrastructure;
 - which are served by a self contained common water supply system that does not belong to the Company; and
 - where there is a single customer that is liable for water bills for the whole premises (common management co-located premises).

If premises meet criteria (ii) and (iii), the criterion (i) cannot be applied to any part of it as a means of reducing the area of the premises in order to allow the reduced premises to fit the eligibility requirements.

2.2.3 Household / non-household premises

Premises that meet the single set of premises eligibility requirement described in section 2.2.2 must then meet the requirement in section 17A(3) (a) WIA91 that the premises are non-household.

Section 17C of 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 is not less than 50Ml. 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

Licensees must at the time of application confirm to the Company the specific proposals regarding their supply arrangements. Section 17A of WIA91 prohibits the supply of an eligible premises by more than one Licensee. However, a premises may be supplied by a single Licensee and one or more undertakers.

2.2.6 Attachment to the supply system

Licensees must comply with all of the Company's procedures and requirements regarding connection to the supply system. In addition, all proposed locations for point of entry to the supply system must be confirmed to the Company in the initial application.

Customers can only be supplied by Licensees if they are connected to the supply system. The supply system is defined in section 17B (5) of 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 Company 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, the Company will formally object to an application for the transfer of an eligible customer from the Company to a Water supply licence holder, with respect to both Retail Authorisation and Combined Authorisation. 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 Company.

Reference should be made to the Customer Transfer Protocol document for detailed guidance:

2.3 Application process

The Company will endeavour to follow the timescales given below to the best of its ability to ensure that the application process is completed on time. However, the Company recognises that some applications may take longer to process, for example, where technical information is required from other parties such as DWI or the EA. In these circumstances, the Company and the Licensee might agree to 'stop the clock' until relevant information is received.

2.3.1 Combined supply arrangements

i) Stage 1: Initial contact

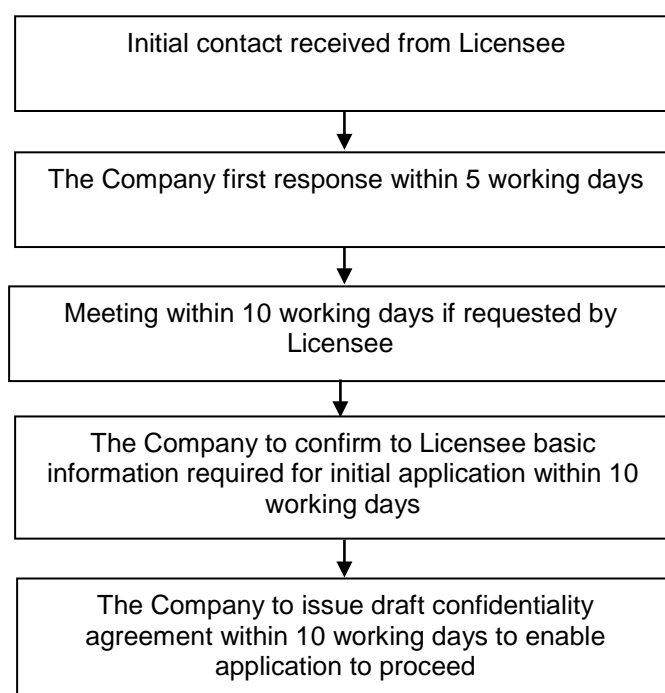
Initial contact allows for a Licensee to express an interest in applying for an Access Agreement. The Licensee may wish to contact the Company, and where required a secondary water undertaker, to discuss issues regarding their wholesale supply or combined supply application.

At this point it may also be appropriate for the Licensee to notify the Environment Agency, the Drinking Water Inspectorate and the sewerage undertaker of the possibility of the customer transferring to another water supplier.

The Licensee should prepare to confirm to the Company the details as set out in section 2.1.2 ready for the initial application process.

If the Licensee requires a meeting with the Company to discuss its request for a combined supply this should be confirmed and the Company will arrange a meeting within 10 working days.

To proceed to the next stage of the application process, the Licensee and the Company need to enter into the mandatory confidentiality agreement as previously included.



ii) Stage 2: Initial application

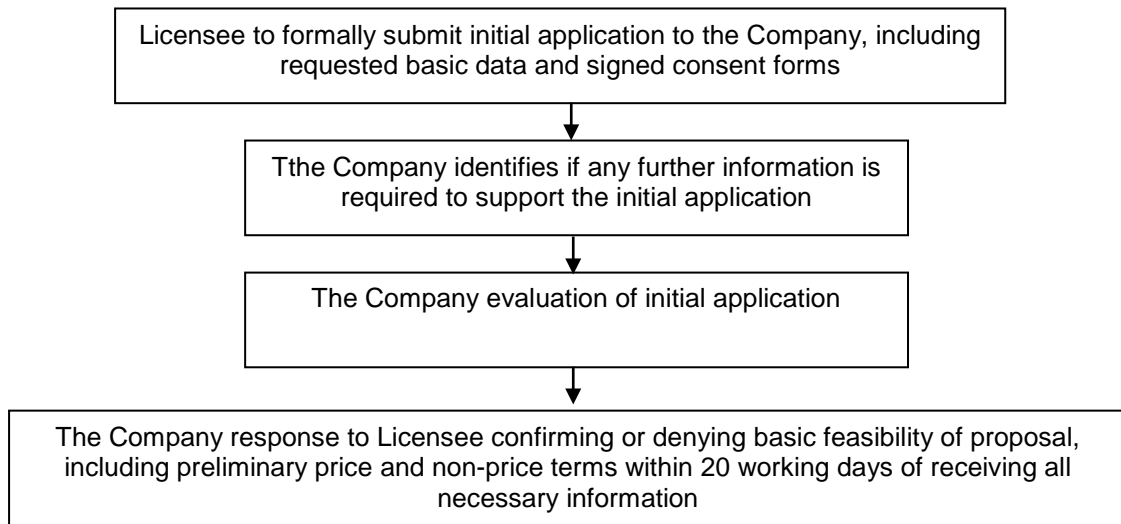
Any application submitted at this stage should include a signed consent form from the prospective customer, stating that the customer has expressed an interest in the Licensee becoming its new supplier. This consent form should contain a waiver by the customer of any restrictions on disclosure by the Company to the Licensee of information held by the Company, which is necessary to disclose to the Licensee for the purposes of the proposed new supply arrangements.

At this stage, and with its prospective customer's consent, the Licensee should inform the Company of the type of premises to be supplied, having satisfied itself that they are an eligible premises.

The Licensee should set out in detail what it will require from the Company in order to provide its specified level of service to its prospective customer. This should include the proposed details of any physical works, which may be required to provide supply to the prospective customer.

Where facilities need to be constructed to enable a supply to be introduced to the Company's water supply network, the Licensee should prepare, or ask the Company to prepare (at the Licensee's expense), an outline scheme of the proposed design and estimated costs of those facilities.

At this stage the sewerage undertaker should have the opportunity to comment on aspects of the proposal that could affect its ability to acquire details for billing purposes.



iii) Stage 3: Detailed application

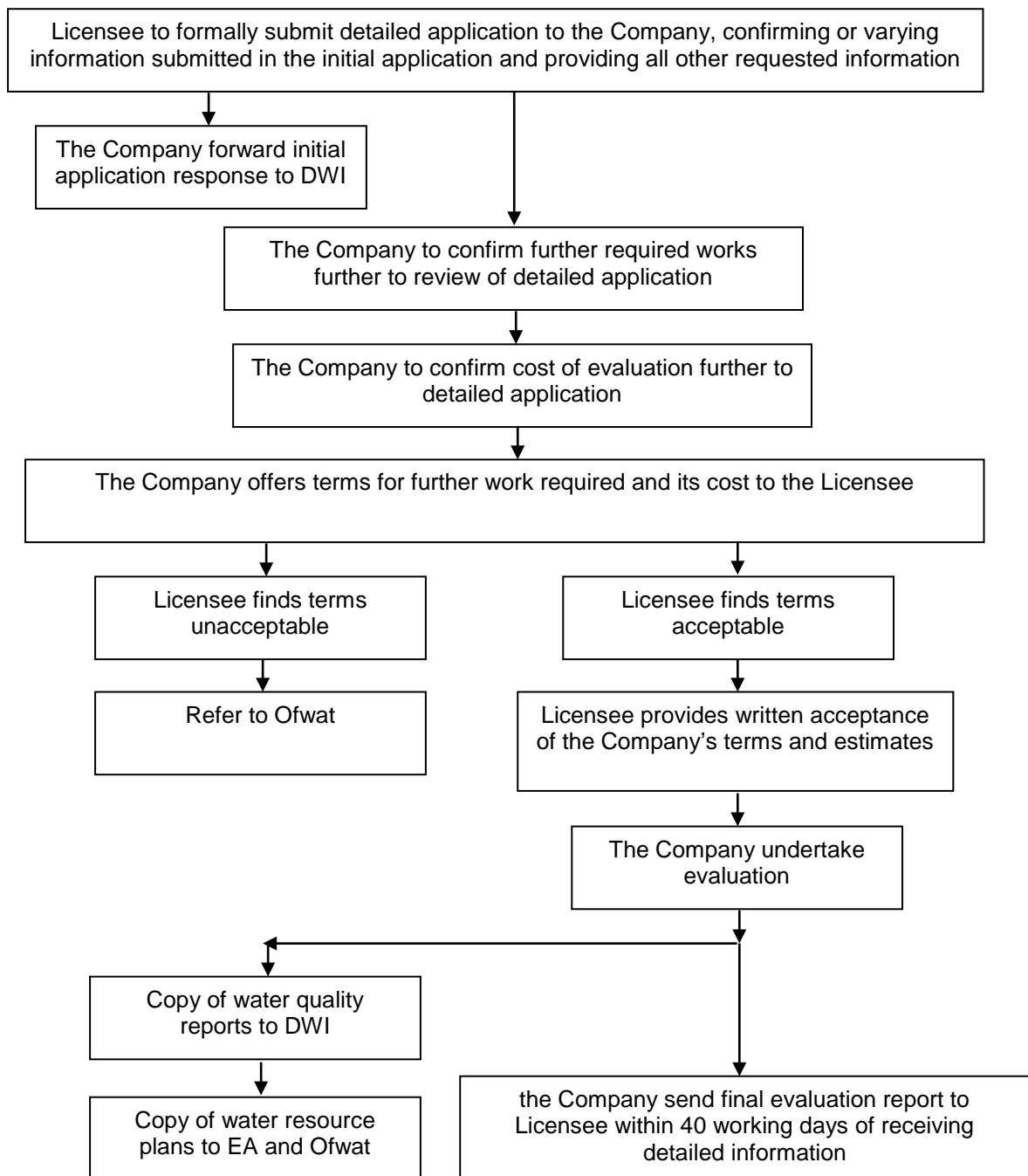
At this stage of the application process if the application is to be progressed the Licensee and the Company should have a meeting to discuss and clarify any issues arising from the initial feedback and to confirm what information is required in the specific detailed application.

Further to the information contained within the detailed application, (ref section 2.1.2) the Company will undertake feasibility studies and testing as appropriate to determine proposed terms for access. This level of detail is required to enable a full technical assessment of the proposal to be undertaken by the Company.

The Company will approach the DWI where water quality issues arise from the investigations.

The Licensee should keep the DWI fully informed where it proposes to make a combined supply in the Company's water supply network.

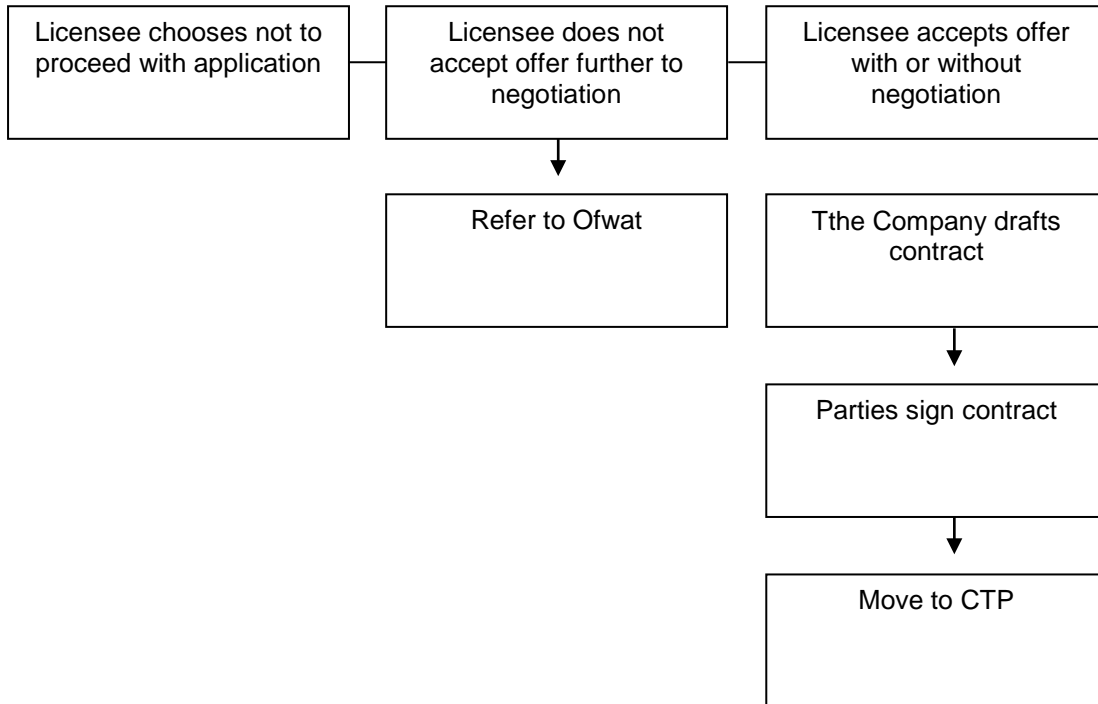
The Licensee should keep the water Company informed if any of the information supplied at the initial application stage has changed, or if further relevant information has become available. If the Company considers the changes require further investigation and may require modification of the price or non price terms previously quoted, the Company will inform the Licensee to this effect and provide an estimate of the cost of those further investigations.



iv) Stage 4: Detailed contract negotiation

Terms will be offered by the Company to the Licensee with regard to their combined supply application. There will be a period of 15 working days following the offer of terms for discussion between the parties if required.

Where a Licensee accepts the terms as offered by the Company (subject to execution by both parties of a formal written contract), the Company will send the Licensee a written contract normally within ten working days. The Licensee should sign the contract and return it within ten working days.



At this stage, a unique premises reference number will be generated by the water undertaker; and a transfer date will be agreed and included in the contract, making due allowance for completion of actions under the Customer Transfer Protocol (CTP). The unique premises reference number is a new number that is assigned to an eligible premises for the purpose of identification when transferring within the customer transfer protocol. It consists of three letters identifying the water undertaker (SST in this case), followed by a unique five-digit number for each eligible premises.

v) Role of DWI

DWI will observe and assess progress of related applications with reference to water quality issues. After the initial application stage DWI will review and identify any key omissions relating to water quality from the proposals. They will arbitrate when required where issues arise further to the Licensee's proposals.

Further to the Company's investigations following submission of the detailed application by the Licensee, DWI will assess the water quality issues associated with the proposal including compliance with the relevant Water Supply (Water Quality) Regulations and industry best practice.

vi) Role of Environment Agency

The Environment Agency will receive a copy of the Water Resource Plan, updated as appropriate, further to the Licensee's application and the Company's detailed investigations. It may also provide input into the Company's feasibility study.

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

A Licensee with a combined licence who has a customer in the area of a Primary Undertaker can request a secondary undertaker to provide a supply of water to enable that Licensee to supply its customer's premises using the primary water undertaker's supply system.

If a Licensee makes such a request the secondary undertaker is under a duty to take steps to enable the supply to be provided, as detailed in section 1.5. Once those steps have been taken, the secondary supplier is under a duty to provide that supply.

Ofwat encourages potential secondary undertakers to consult the Environment Agency informally whenever they become aware of a possible secondary supply application.

viii) Provision of information to the sewerage undertaker

As part of the application process, the Company will expect the Licensee to ensure any necessary liaison and/or communication with the sewerage undertaker is carried out as required.

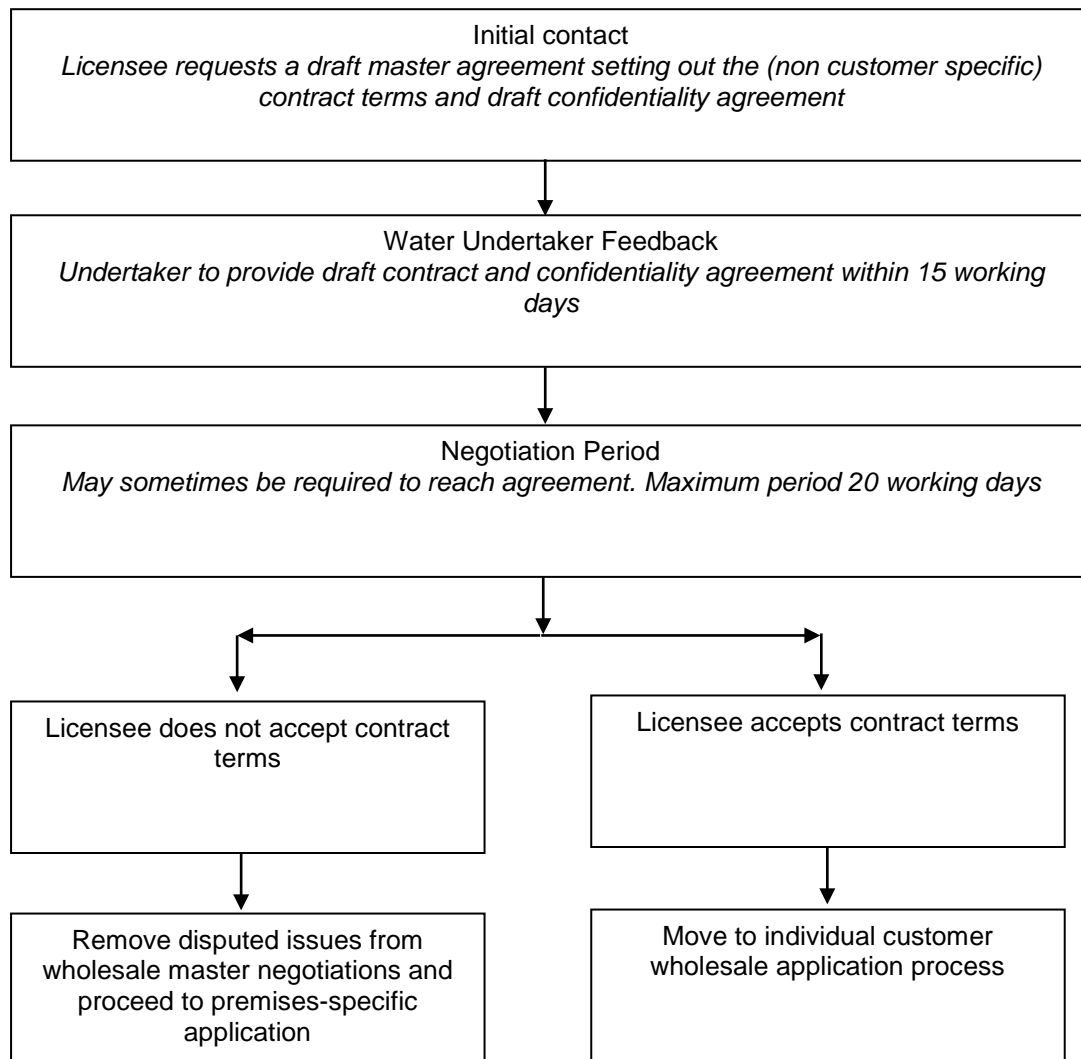
Liaison will also be carried out with the sewerage undertaker further to the procedures as specified within the CTP if an Access Agreement is agreed.

The Company will continue to send out bills for sewerage services and surface water drainage on behalf of Severn Trent Water Ltd (South Staffs Region) or Anglian Water Ltd (Cambridge Region).

2.3.2 Retail supply arrangements

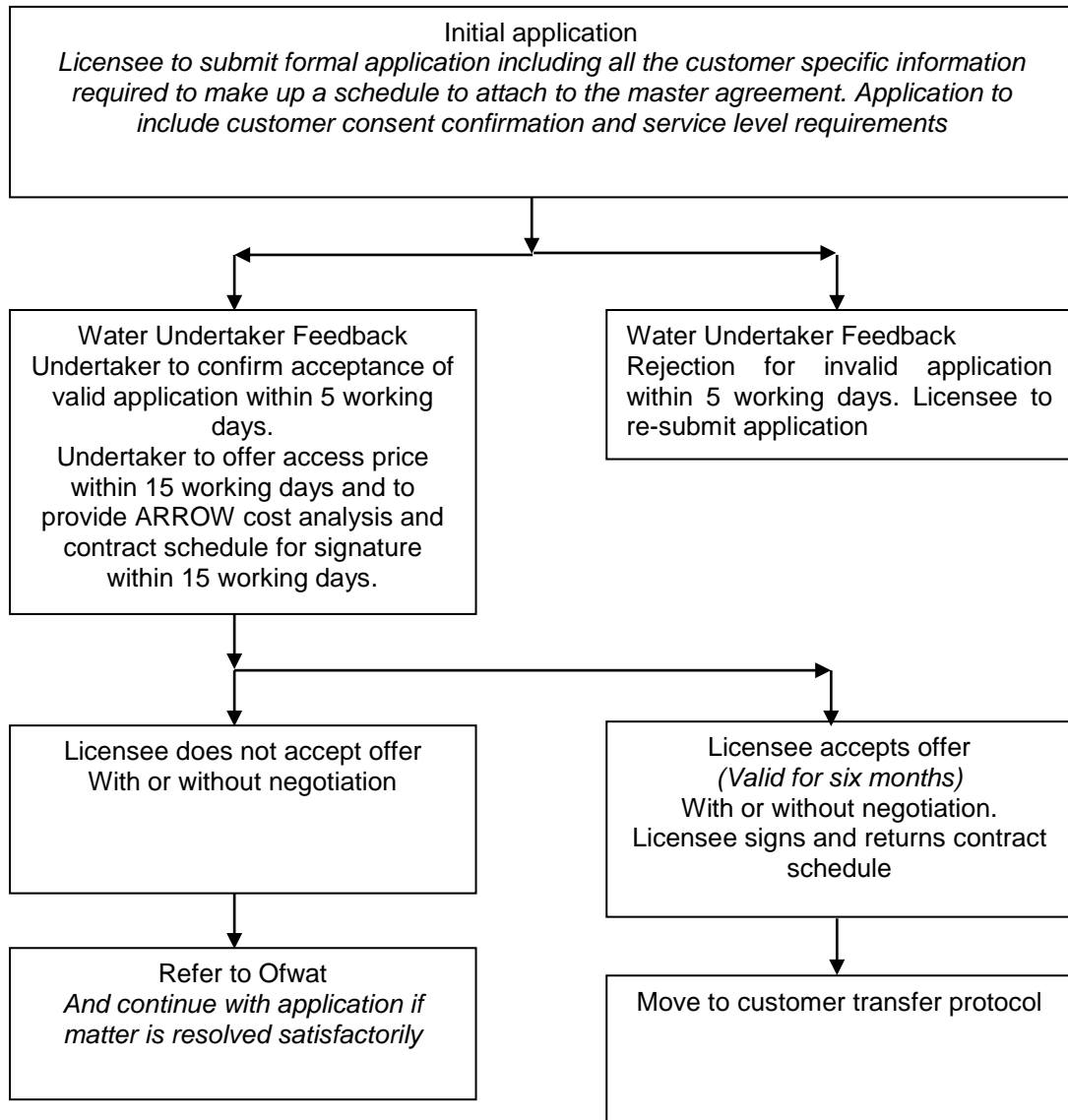
i) Wholesale master contract: agreement process

A master agreement, covering the main terms and conditions of a wholesale agreement except specific customer and site information, is intended to avoid duplication of generic processes and facilitate a Licensee's future applications. The Company will consider all initial agreements with Licensees as an application for a master contract. The following process chart is applicable in these circumstances:



If a Licensee wishes to enter into a retail supply arrangement, it should contact the Company to request a draft master agreement and confidentiality agreement. Once the Company has provided the documents, negotiations can be held if the Licensee does not accept a part or parts of the agreement.

When the master agreement and confidentiality agreement have been signed by both parties, the wholesale process may become customer specific with individual agreements being added as schedules to the master agreement. The following process chart is applicable in these circumstances:



ii) Data exchange to create contract schedules for wholesale applications

The information required for each individual contract schedule is listed above. A Licensee should submit this information in the form of a Wholesale Application Pro-forma. A copy of this can be found in Appendix D of this document. This is in order for the Company to prepare a draft contract schedule relating to that customer.

The Licensee should provide the relevant sewerage undertaker an opportunity to comment at this stage.

If the Company accepts the application as valid, it will provide the Licensee with an access price, a schedule of calculation for that price and a signed draft contract.

On the Licensee's acceptance of the offer and its signing of the contract the process moves to the CTP.

If a Licensee does not accept the offer and cannot resolve the matter through negotiation with the Company, it can refer the matter to Ofwat for determination.

iii) Provision of information to the sewerage undertaker

As part of the application process, the Company will expect the Licensee to ensure any necessary liaison and/or communication with the sewerage undertaker is carried out as required.

Liaison will also be carried out with the sewerage undertaker further to the procedures as specified within the CTP if an Access Agreement is agreed.

2.3.3 Objections and rejection process

The Company, or another relevant party (other than the applying Licensee) involved in the process, for example DWI, may, at any stage of the application process, discover a reason or reasons why the application may not progress further. They will consequently raise an objection.

The basis of the objection may be due to any of the statutory conditions laid out in Sections 66A-66C WIA91. Alternatively it may be due to another reason, examples of which are listed below:

- There is doubt over the eligibility of the customer's premises. The Company will not assess whether the customer's premises are eligible. The onus is on the Licensee to determine the eligibility of the premises at the initial application stage. However, the Company may know of valid reasons, which the Licensee is perhaps unaware of, why the premises may not be eligible.
- Refusal by a Licensee to provide necessary information.
- An incoming supplier has provided incorrect or insufficient information to allow the customer to transfer.
- Unacceptable water quality implications.
- An application by another Licensee to supply the customer has been accepted.

- The Licensee's proposals are impracticable, for example, unfeasible hydraulic conditions.
- Concerns over source risk assessment.
- National security reasons.

In the first instance the objector should provide, in writing, full reasons for their objection to the applicant. This must be done as soon as the objector becomes aware of the problem.

If the objector is the Company, it will comply with the above and with any request for a meeting to discuss its reasons for objection. The Company will endeavour to work towards a solution, where possible, that will enable the application to progress.

In addition, if the Company has concerns about the legality of the proposed supply, the matter may be referred to Ofwat by the Licensee or Customer for determination under 17E (1) of WIA91.

2.4 Access criteria

2.4.1 Water quality input specification

Water quality specification is described individually within Section 5 but detailed specifications will only become apparent at the point of application. The overriding objective will be to ensure that all existing customers of the Company will not see any deterioration in water quality as a result of this application.

Any sampling carried out at the point of entry or supply, must be performed by a suitably qualified and trained sampler and the analysis undertaken by a DWI recognised accredited laboratory.

i) Quality parameters

Quality parameters, both chemical and bacteriological, including aesthetics can only be determined in detail at the time of application but are likely to include as a minimum:

- Metals
- Bacteria and micro organisms
- Cryptosporidium
- Disinfection residual
- Fluoride
- Hardness
- Lead
- Nitrate
- Acidity and Alkalinity
- Turbidity

Parameters will be consistent with the relevant Water Supply (Water Quality) Regulations 2000. See www.dwi.gov.uk

ii) Special circumstances relating to water quality standards

There are no temporary derogations applying to water quality standards within the Company's supply network. All water within the Company's supply network is required to be fluoridated.

iii) Water safety plans

The DWI is currently developing frameworks for implementation of Drinking Water Safety Plans (DWSP) in advance of the next revision of the EU Drinking Water Directive. Where water quality failures occur or where programmes of work are required to secure compliance, companies are responsible for demonstrating that Drinking Water Safety Plans are in place to demonstrate that water quality risks are being proactively managed. The implementation of DWSP could pose a regulatory requirement in the future. A DWSP is a plan which documents the hazards, risks, and control points within a water supply system from catchment through to consumer and demonstrates the ongoing provision of clean and safe drinking water and identifies improvement actions.

The plans draw on many of the principles and concepts from other risk management approaches and are therefore not a new initiative but rather a means of aligning, assessing, and defining the controls and risks associated with the end to end process of provision of drinking water. UK water companies are currently involved in developing the DWSP approach and delivering safety plans for their systems.

2.4.2 Water flow and pressure

Information regarding water flow and pressure will be determined in detail at the time of application. General detail is contained within Sections 4 and 5 to this Code.

2.4.3 Water quality sampling and monitoring

Water quality sampling and monitoring will be described in detail at the time of application. General sampling and monitoring requirements are described in Section 6 of this Code.

The Company's water quality monitoring programme complies with the requirements of the Water Supply (Water Quality) Regulations 2000, and any subsequent amendments. Monitoring is carried out at customer taps, storage reservoirs and source stations. The Company uses Automatic Supply Points (ASPs) to monitor some specific parameters, as detailed in the regulations. Current ASPs are located at treatment works, blend points and service reservoirs. Additional monitoring requirements are instigated as and when required by the DWI or for operational reasons.

2.4.4 Volume measurement

Volume measurement will be described in detail at the time of application. General volume measurement requirements are described in Section 5 of this Code.

3. Section 3: Application for access to the Water Undertaker's supply system – Secondary Undertaker

3.1 Definition of Secondary Supplies

Under section 66C of WIA91, a Licensee can ask the Company for a wholesale supply of water to enable it to supply its customers in a neighbouring water undertaker's area (known as the Primary Undertaker). This is known as a secondary supply and the Company would be the Secondary Undertaker. The Company will only provide a wholesale supply of water as a Secondary Undertaker if it can determine if it has 'spare' water (see section 3,2,1 for more information).

Secondary supply arrangements involve two distinct transactions:

- The Company will sell the water to the Licensee; and
- The Licensee introduces that water into the Primary Undertaker's supply system for supply to the Licensee's customer.

The Licensee and the Company will negotiate the details of the secondary supply alongside applying for an access agreement with the Primary Undertaker.

3.2 Assessing Whether a Secondary Supply Arrangement is Possible

Secondary supply arrangements can only be entered into for eligible premises where the total quantity of water estimated to be supplied is not less than 50Ml per year. The Licensee can however supply the premises by means of a secondary supply, or by a mix of retail supply and a secondary supply. This is subject to agreement by all parties during contractual negotiations.

In cases where a Licensee is related to the Company, the Company may still provide the Licensee with a secondary supply of water. However, in accordance with SLC7 (1)(c), any such transaction is required to be at 'arm's length' and will also require Ofwat's consent under Appointment Condition R5(1).

3.2.1 Assessment of 'Spare' Water

Before the Company can provide a secondary supply, it must determine if the water the Licensee requires is 'spare'. In order to do this, the Company will assess its headroom position in relation to conditions under section 66C of WIA91.

Headroom can be defined in two ways:

- Available headroom – this is the difference between water available for use and demand
- Target headroom – this is the amount of surplus water available over demand that the Company needs to be able to continue to supply without restrictions on use.

The Company's assessment of 'spare' water will be a calculation of the difference between target headroom and available headroom at the time the Licensee requests the secondary supply and will take into account any fluctuations in supply and demand the Company may experience.

Once the Company has established its headroom position, it must continue its consideration of whether the water is 'spare' by assessing:

- The financial implications of making the supply available to the Licensee; and
- Any other obligations the Company has that may affect the supply of 'spare' water.

The Primary Undertaker will also have to consider the impact of accepting a supply from the Company. It will also need to consider the financial implications of the arrangement, and how the arrangement will affect its other obligations.

The Company's duties under section 66C of WIA91 to provide a secondary supply do not apply if any of the conditions listed below apply:

- If the introduction of the secondary supply to the Primary Undertaker's system would:
 - Require it to incur unreasonable expenditure in carrying out works in order to meet 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;
 - Otherwise put at risk its ability to meet any of those existing or probable future obligations.
- If there is a contravention of the prescribed requirements of regulations made under section 74 of 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;
 - The use of water in those premises.

The duty on the Primary Undertaker to take steps to enable the introduction of a secondary supply into its supply system under section 66C of WIA91 is subject to the same conditions.

3.2.2 Role of the Environment Agency (EA)

In certain circumstances the EA can vary or reduce the amount of water the Company may abstract. This could result in a reduction in the Company's 'spare' water, and, depending on timing, may affect some secondary supply applications. Any relevant information concerning this will be provided when the Licensee submits its application.

3.3 *Entering into a Secondary Supply Arrangement*

3.3.1 Information Gathering

Upon receipt of a Licensee's application for a secondary supply, the Company will provide relevant information to the Licensee within 15 working days to enable them to determine whether to enter into a secondary supply arrangement. This may include:

- An up to date assessment of where 'spare' water is likely to be located;
- How much spare water is available over a certain time period;
- Information on existing cross connections and their available capacity;
- Any potential water quality issues of the source, if this is relevant;
- Any additional modelling that may be required;
- How assessments of 'spare' water will be affected by future changes in the condition of the supply system.

3.3.2 Formal Applications for Secondary Supply Arrangements

3.3.2.1 Initial Contact

The Licensee must inform both the Company and the Primary Undertaker of its interest in entering into a secondary supply arrangement. At this stage, the Company and the Primary Undertaker must both explain to the Licensee their processes for handling applications. They must make their information requirements clear to the Licensee and, where appropriate, to the other water undertaker within 10 working days from first contact. In addition, all parties need to sign the relevant confidentiality agreements.

The Licensee should provide the Company with as a minimum the following information, as a minimum:

- Estimates of annual, monthly, weekly and daily supply that will be required at the exit point.
- The likely duration of the required supply.
- The likely future supply/demand of water at the exit point, consistent with the timescales in the secondary water undertaker's Water Resources Plan as far as is practicable.
- Details of the pressure requirements of the supply.

The Licensee should also provide the Primary Undertaker with the following information, as a minimum:

- The annual volume of water required to be supplied.
- Estimates of monthly, weekly and daily customer demand, including information about peak demand.
- The likely future demand, consistent with the timescales in the secondary water undertaker's Water Resource Plan as far as is practicable.
- The likely duration of the arrangement.

In addition to the above, the Company and the Primary Undertaker may need details of the name and/or location of the Licensee's customers. If this is necessary, both parties will explain clearly why this information is necessary, for example, to help them determine the most appropriate exit/entry point.

The Licensee must provide clear contact details and notify the sewerage undertaker of their interest at this stage.

3.3.2.2 Outline Application

Once initial contact has been made, the Licensee needs to make:

- An outline application to the primary water undertaker for access to its supply system; and
- An outline application to the Company for a secondary supply.

An outline application from the Licensee should include the following information:

- A signed consent from the Licensees' proposed customers stating that they have expressed an interest in the Licensee becoming their new supplier. Only customer consent forms that have been signed, or verified by the customer as in force, no more than two months prior to being submitted at the initial application stage should be accepted. This is to make sure that the customer is still interested in switching supplier.
- A waiver from the customer of any restrictions on the disclosure of information by the water undertaker to the licensee, which is necessary for the new supply arrangement; and
- Confirmation of the type of premises to be supplied and that they are eligible for supply.

Once the Licensee has made the outline application, the three parties should agree to a tripartite meeting or a series of tripartite meetings, depending on the circumstances of the case. The first tripartite meeting should be held within 10 working days from the applications being made. Subsequent meetings should be held as swiftly as possible, and no more than a week apart.

3.3.2.3 The Tripartite Meeting Process

The secondary supply arrangements will need to be discussed over a series of tripartite meetings. The meetings process should provide all parties with the opportunity to discuss the relevant issues. The timescale for completing the tripartite meeting process is 20 working days. At the first tripartite meeting, parties should have the relevant documentation to enable them to discuss the following:

The Licensee should:

- Confirm to the primary and secondary water undertaker what it requires in order to provide the specified levels of service to its potential customers;
- Confirm to the primary and secondary water undertaker its exit/entry point proposals; and
- Inform the sewerage undertaker and any regulators of their proposals, as appropriate. For example, the DWI, EA and Strategic Health Authorities.

The primary water undertaker should:

- Outline the specifications for introducing the secondary supply into its system; these will include quality and compatibility issues and physical arrangements;
- Outline the steps it needs to take to connect the Company's supply system to its own supply system, including discussing exit/entry points;
- Explain the likely infrastructure requirements;
- Discuss initial operational, quality or hydraulic issues;

If the primary water undertaker considers that the supply is likely to constitute a strategic supply, it will confirm the process at this stage.

The Company will:

- Provide an offer to the Licensee outlining the volume of water that it is able to provide at particular locations, the flow and pressure of the water, the reliability of the supply and the water quality;
- Discuss the exit/entry point proposals;
- Explain the likely infrastructure requirements; and
- Agree the specifications that it will meet and details such as how frequently and in how much detail ongoing operational information is to be provided.

By the end of the first tripartite meeting, the licensee should receive preliminary price and non-price terms from both water undertakers with an explanation of how and why these estimates may be revised later. Price or cost terms offered at the end of the first meeting will not be binding, but should be as accurate as possible and enable the licensee to plan indicative proposals for supplying its prospective customers.

The Company may find that a feasibility study at the detailed application stage is not necessary if the information provided at the outline application stage is sufficient. If the Company believes that a licensee's proposal is not feasible at this stage, it should set out the reasons in writing to the Licensee. If the Licensee does not agree with the water undertaker's reasons, it can refer the matter to be resolved by Ofwat as part of a determination under section 66D(1) WIA91.

3.3.3 Detailed Application

The Company Water will aim to complete its assessment of secondary supply applications within 50 working days of receiving the required information from the Licensee. It may also ask for input from other regulatory bodies (for example, the DWI, EA, DEFRA) as necessary.

In particular, the DWI will review the Company's initial assessment report for any key water quality omissions at the start of the detailed application stage. Later in that stage, after the Company's investigations, the DWI will also:

- Assess compliance with the relevant regulatory requirements;
- Identify any issues arising from the guidance on common carriage; and
- Review against industry best practice.

The Licensee should now make detailed applications to the:

- Primary Undertaker for access to its supply system; and
- Company for a secondary supply.

The Licensee should generally only make a detailed application in relation to the single option that is their preferred arrangement, rather than making applications for different options. The detailed applications will enable both the Primary Undertaker and the Company to carry out any feasibility studies and testing that may be needed to determine proposed terms for access. However, feasibility studies for secondary supplies will not be undertaken until the Primary Undertaker has agreed, in principle, to allow the Licensee and the Company access to its supply systems.

3.3.3.1 Further Information Exchange and Feasibility Testing/Studies

The Licensee will need to confirm any information that it has already provided and, where necessary, provide the Primary Undertaker and the Company with further details.

The information that the Licensee may need to provide will include the following:

- Any additional supply and demand information that may be requested;
- Details of any supply or demand management contingency arrangements, including how the supplies will be managed during a drought;
- Relevant proposals relating to obligations, liabilities, insurance, indemnities, etc; and
- For the Primary Undertaker – evidence to demonstrate the Licensee’s systems for informing customers of emergencies.

The Company and Primary Undertaker will need to exchange the following information:

- Water quality assessments; including the predicted quality of water entering the system;
- History of contamination of the raw water source, where relevant;
- The level of treatment proposed, with particular attention to disinfection practices and any additional treatment requirements such as plumbosolvency control and fluoridation;
- Operational requirements;
- The safeguards and procedures in the event of treatment failure;
- The water quality requirements of potential customer(s);
- Proposals for monitoring to ensure compliance with water quality regulations;
- Hydraulic requirements; and
- Emergency contacts.

All parties have a duty to keep the other parties informed of any information changes or circumstances that may affect the secondary supply arrangement.

The Company and the Primary Undertaker will provide feedback on the Licensee’s detailed application, including preliminary price and non-price terms. These will not be binding, but will be as accurate as possible and should provide the licensee with enough certainty to enable formulation of indicative proposals to supply prospective customers.

After the relevant information has been exchanged, the parties will enter into the feasibility study stage. The scope and communication of any feasibility studies will be agreed by all parties in advance.

The Company and the Primary Undertaker should approach DWI if there are any water quality issues arising from the studies. The Licensee should keep DWI fully informed where it proposes to introduce a secondary supply into potable supply systems.

After the Company and the Primary Undertaker have carried out any necessary investigations and confirmed the feasibility of the Licensee’s proposals, they will make a firm offer of price and non-price terms to the Licensee. Any offer will be made, in writing, to the Licensee within 10 working days of the feasibility study being completed and will be subject to all parties signing a necessary agreement.

3.4 Cost Recovery

The Company and Primary Undertakers can recover some costs from Licensees but Licensees will not be charged by different undertakers for the same work or cost. Primary Undertakers can recover the costs of permitting the introduction of a secondary supply to its system. This is likely to include the costs of work such as installing pipes to the point of connection, balancing hydraulic requirements or making the secondary supply compatible with its supply. Primary Undertakers can also recover an access charge from the Licensee.

The Company is also able to recover the costs of providing a secondary supply. These are likely to include costs such as installing new infrastructure for the purposes of facilitating the secondary supply arrangement, the water supply or meeting the Primary Undertaker's specifications.

The Company and the Primary Undertaker will inform the Licensee of all the likely costs involved at each stage of the application process.

3.5 Contractual Arrangements

The contractual arrangements are two fold. An agreement between the:

- Licensee and the Primary Undertaker. This covers access to the Primary Undertaker's supply systems; and
- Licensee and the Company. This covers the arrangements for a secondary supply.

There are three areas that need to be covered in the secondary supply agreements:

i) Access to the Primary Undertaker's supply system, including:

- Arrangements for the transfer of water;
- Duration of supply;
- Quantities;
- Balancing;
- Quality;
- Metering;
- Drought and emergency planning;
- Termination provisions;
- Price and payment terms;
- Arrangements for dealing with outstanding debt;
- Operational requirements;
- Customer contact;
- Liability for contaminated supplies;
- Responsibilities for work and maintenance;
- Service level agreements; and
- Confidentiality.

ii) Transfer of water from the Company's system into the Primary Undertaker's system, including:

- Hydraulic and quality specifications;
- Terms and conditions for the transfer, including network balancing and balancing of ingoing supplies;
- Ongoing operational requirements;
- Responsibility for maintenance and repairs; and
- Emergency arrangements and contacts.

- iii) Agreement for secondary supplies, including:
- Outline of the amount of water needed;
 - Outline of the specifications for supplying the water;
 - Payment terms;
 - Emergency arrangements and contacts;
 - Arrangements for outstanding debt; and
 - Service level agreements.

The Company and the Primary Undertaker will assess the Licensee's detailed application, including any feasibility testing, within 50 working days of receiving the required information from the Licensee. The water undertakers will then offer their terms and conditions.

3.6 Detailed Contract Negotiations

The Company and the Primary Undertaker will aim to complete detailed contract negotiations within 40 working days. The terms and conditions of draft contracts will cover standard issues, relevant to each arrangement, as well as individual issues, relevant to the specific cases.

If either water undertaker or the Licensee asks for a change in the terms and conditions, then they should explain the reasons for the change to the Licensee. Depending on the changes requested, the other water undertaker may also need to be consulted about the suggestions.

Where any changes are requested, all parties involved should aim to agree these within 10 working days and, in any case, to complete negotiations within the 130 day overall timescale.

If the Licensee accepts the terms, the Company and the Primary Undertaker will send the necessary contracts, within 10 working days. The Licensee should sign this and return it within 10 working days. Once the final offers have been made the Licensee should notify its customers of the intended change of supplier and expected transfer date.

Once an agreement has been made, the process moves to the Customer Transfer Protocol.

3.7 Handling Disputes

The Company will work with the Primary Undertaker and the Licensee to resolve any disputes concerning secondary supplies that may arise. In certain circumstances, if a dispute cannot be resolved, the Licensee can refer it to Ofwat for investigation.

For example, the Licensee can ask Ofwat to investigate the following:

- Where the Primary Undertaker refuses to allow a Licensee to introduce water into its supply system in connection with a retail supply to the Licensee's customer; or
- The Company refuses to provide a supply of water to a Licensee; and
- In either case, the refusal is justified by conditions 66C(5)/(6) of WIA91.

4. Section 4: Customer Transfer Protocol (CTP)

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

4.1 Principles

Standard Licence Condition 6 and condition of appointment S require Licensees and the Company, respectively, to comply with Ofwat's CTP. Relevant sections of the WIA91 (as amended by the Water Act 2003), condition of appointment R and Standard Licence Condition 4 also place a duty on Licensees and the Company 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.

4.2 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. It is the responsibility of the Licensee to ensure that it complies with the latest version of the CTP.

4.3 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 the Company must comply with those requirements.

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

- Customer details
- Contact name
- Email address
- Telephone number.

The Company's contact details are:

wholesaleservices@south-staffs-water.co.uk

4.4 Registration and operational processes

The Company and all Licensees must follow the operational processes in the CTP for effective customer transfer and the resolution of disputes on transfer. To ensure this happens, the Company will maintain an electronic registration database of customers at eligible premises that have transferred. The database will support the electronic transfer information and adhere to the customer transfer protocol.

In addition to allowing data to be sent and received, the registration system will:

- Allow for appropriate monitoring and interrogation on the status of competition;
- Demonstrate compliance with the CTP, including appropriate audit controls; and
- Ensure consistency of functionality, application and maintenance of accurate information.

To make the CTP work effectively, the Company must be able to easily identify the relevant information that needs to be maintained in order to support the CTP. The following need to be considered:

- Identification of the mandatory and optional information;
- Consideration of the implications of data protection and the need for exemptions;
- Consideration of the need for unique site specific or meter point specific identifiers; and
- Use of free text fields for additional information.

5. Section 5: Control and Balancing of the Supply System

5.1 Supply system management

5.1.1 Unbilled water

i) Leakage

The Licensee will not be expected to introduce additional water into the Company's system as a result of the Company's level of leakage.

The Licensee is not expected to contribute to any general or specific level of meter under registration.

ii) Unauthorised use of water

The Licensee will not be expected to introduce additional water into the Company's system sufficient to cover the level of illegal use of water.

iii) Fire Water

The Company will maintain responsibility for the provision of water for fire fighting purposes. The Company will not charge the Licensee or the Licensee's customers for water used for fire-fighting purposes or for the testing of fire-fighting appliances. The calculation of volume for use of fire water will be by reference to the calculation of legal unbilled water as reported in the Company's June Return.

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.

5.1.2 Security of supply – drought and water resource plans

i) Drought plans

The Licensee will be required to provide the Company with sufficient information to allow the Company to revise its resource and drought management plans. This information will be similar to that produced by the Company for its own sources and will include, inter alia, the risk of outages, abstraction licence constraints and operational limitations.

The Licensee will also be required to provide to the Company at the time of application details of risks associated with its sources which impact upon the reliability of these sources either generally or during drought. Such risks would include the potential for pollution, temporary or permanent, the likelihood of outage, particularly if the source has a history of outages, and whether the Environment Agency considers the source to be an area of none sustainable abstraction. The Company will also wish to know whether the source is time limited and, in such case, to understand where replacement source water is to be provided.

ii) Resource planning

When planning future water resources the Company will take into account the reliability of the Licensee's sources in accordance with the recommended practices of the Environment Agency. The Company will agree with the Licensee the impact of drought conditions as these apply to the Licensee's source(s). This will be with the overall intention of making the most effective use of the combination of all sources entering the Company's supply system. The Licensee will be expected to provide to the Company abstraction licence provisions and constraints to allow the Company to work with the Licensee, making best use of the combined set of water resources without infringing abstraction licence rules. Should the Licensee so wish, then they are not obliged to allow their source to be optimised in this way. However, an agreement, which allows for sources to be shared, may result in a discounted access price.

The Company currently has only one water resource zone and has a preference to provide the same level of service for water resource sufficiency to its own customers and to those of the Licensee. The Company recognises, however, that the Licensee's own sources may be either more or less reliable in resource terms than those of the Company. Issues of resource reliability will be taken into account at the time of application and, should it be significant, an adjustment will be made to the access price.

5.1.3 Telemetry requirements for supply system control

The Company will expect the Licensee to provide, via telemetry, operational and quality data as follows:-

- Flow data at regular intervals. For a source of average supply greater than 1 Ml/d the minimum frequency of data will be 15-minute intervals. For a source with an average supply of less than 1 Ml/d a minimum frequency of data one reading per hour.
- Pressure data at regular intervals, consistent with flow readings described above.

On line and continuous water quality data will be agreed between the Licensee and the Company at the time of application. This will be a minimum of turbidity and final water disinfection residual data. It will be the responsibility of the Licensee to assess the adequacy of its sources and to advise the Company immediately should there be any evidence to the contrary. At the time of application it may be possible to agree an arrangement where the Company provides monitoring or telemetry services on behalf of the Licensee at an agreed cost. The Company would have a preference for an arrangement where its own telemetry system receives information directly from the Licensee's telemetry as a means of minimising risk.

5.1.4 Secondary connections

In accordance with section 174 of WIA91 (protection of works and undertaker's apparatus), secondary connections are not permitted. This is because these can have a detrimental effect on the Company's supply system and assets, for example, in areas such as water quality, turbidity, flow and pressure management. Each new customer is to be treated as a new application for either wholesale or combined supply.

If a suspected secondary connection is reported to the Company or the Company becomes aware of one through third party reports or via its control room, the Company will take any necessary action, potentially to include termination of an Access Agreement and/or legal action. The specific course of action will be determined on a case-by-case basis.

5.1.5 Supply system maps and plans

Under confidentiality agreements, the Licensee will be required to share with the Company maps associated with any assets used to provide an input into the Company's supply system. Likewise, the Company will share appropriate maps of its own supply system. Such sharing of maps and plans is likely to focus on the application stage in order to demonstrate transparency of costing. These maps should note in particular the flows, pressures, water quality risk issues and any non-standard aspects of this area of the Company's network. These maps will also be used to determine in consultation with the Licensee the extent to which any reinforcement is needed at the Licensee's cost.

5.1.6 Point of entry controls and failure modes

The Company will provide to the Licensee tripping (failure) constraints for the Licensee's source. Typically, these trips will relate to upper and lower bandings for pressure and on line quality and will be no more onerous than those that apply to the Company's own sources. As a minimum these tripping parameters will be designed to ensure that the quality of water within the Company's supply network remains consistent with the existing water quality at all times, whilst recognising that certain information cannot be determined on a continuous basis.

It will be for the Licensee to carry out water quality tests consistent with its Operator's Licence and to advise the Company immediately in the event that any parameter fails such a test. Contact in such circumstances would be via the Company's Control Office on 01922 624979. The Licensee's supply will only be re-introduced once it can be demonstrated that the source is able to be satisfactorily introduced into supply.

The Licensee and the Company will agree at the time of application any requirement for water sampling points.

The Licensee will be required to install a non return valve at the point of input to the system to prevent back flow from the Company's supply network in the event of a sudden loss of pressure from within the Licensee's own system. The requirement for a non-return valve at the point of input protects the Company from a potential failure of the Licensee's system. If a major leak occurred on the Licensee's distribution system between the source and the connection point, the Company's system could be feeding a leak that it was not responsible for. The Licensee would provide backflow protection at source to protect its own works from backflow.

5.1.7 Changes in quality where this has an impact on major customers

A number of the Company's existing major customers have expressed a requirement for a constant water quality within a range of acceptable parameters. By example, there are a number of food processing companies for whom certain combinations of water would be undesirable. In the event that the quality of water within the supply system changes, either as a result of the Company's actions or those of the Licensee, then the Company has the right to require the Licensee to amend or cease input into the Company's supply system. This is in order to prevent undesirable quality reaching these customers. Clearly this clause would not apply if the customers themselves fall under the control of the Licensee.

If the change in water quality was as a result of actions of the Company, or which were as a result of failings of the Licensee which the Company had become aware of, the Company would inform the key Licensee contact of what action needs to be taken. If the change was

as a result of failings which were identified by the Licensee, the Company would require the Licensee to call the Company's 24 hour Control Room on 01922 624979 as soon as the Licensee became aware of the issue.

5.1.8 Licensee's sources impacting on water quality blending rules

The Company has a significant number of blending constraints associated with nitrate, pesticide, lead, chloride, sulphate, and manganese levels throughout its supply system. In the event that the Licensee's source changes the operation of these blending ratios to their detriment, then this will be discussed at the time of application and the consequential costs assigned to the Licensee should they wish to proceed with the application.

In some cases the consequential effects may be limited to a reduction in available yield from the Company's sources. In these cases the volume will be calculated as an imbalance between the Licensee's input and the customer demand in the same way as if the Company had supplied the Licensee's customer with that volume of water lost by the Company as a result of the deterioration of blending.

5.2 Metering services

5.2.1 Meter asset management

i) Metering solutions available

The Licensee will manage and install a meter at each point of entry to the Company's network consistent with metering standards which apply to the Company's own sources. It will be for the Licensee to measure use by its own customers and to provide this information to the Company. However this does not pre judge any charging mechanism by the Licensee.

The Company has a range of metering technologies available, including full bore magnetic flow meters at source stations and entry points. Customer meters for larger supplies would be of an electro magnetic type. The Company will continue to retain ownership of the meter at a customer's premises and will, therefore, continue to be responsible for its maintenance and replacement.

ii) Meter installation

Installation of the meter by the Licensee must provide for ease of routine maintenance, specifically that the meter can be taken out for maintenance without termination of supply. The Licensee will provide a facility for insertion metering and undertake such works as reasonably required by the Company.

A suitable facility includes:

- A chamber suitable to provide access to install, remove and maintain the insertion meter in line with manufacturers' recommendations;
- An installation location suitable that the insertion meter is installed in line with manufacturers' recommendations with regards to distances clear of any pipe work fittings;
- Pipe work fittings providing access for the insertion meter into the main to be as manufacturers' recommendations.

iii) Meter maintenance

The Licensee and the Company will agree at the application stage how maintenance of the input meter will be managed. As part of the maintenance process, the Company may carry out meter testing at an approved external testing facility. This is to determine the performance of the meter over time, volume of water used and the meter type and size. The exact costs associated with meter testing will be ascertained at the time, dependent on the number of meters tested and their size.

5.2.2 Meter calibration and verification

The Company would expect the Licensee to verify the correct operation of all meters entering the Company's supply system at a frequency not exceeding 3 years.

The methods used shall be appropriate for the type of meter. For example, large diameter electromagnetic flow meters may be verified by comparison against the flow from a suitably installed insertion probe. Where meters are fitted with electronic diagnostic facilities, this method should be used to verify the operation of the meter.

All meters installed shall be calibrated at the point of manufacture and details of such accurately recorded against the serial number of the meter for future reference.

Once installed, if a meter is identified as being faulty, the unit must be removed and returned to the manufacturer or suitable calibration facility for re-calibration before being re-used.

Any costs associated with meter calibration and verification will be determined on a case-by-case basis, depending on the size and type of meter (e.g. mechanical or electromagnetic) and what processes were involved in calibrating or verifying the meter concerned. However, the overall cost could be comprised of the following:

- Seven point test (at a UKAS accredited testing facility).
- The replacement meter cost (if applicable).
- Costs associated with installing a replacement meter (if applicable).

5.2.3 Meter reading and meter reading verification

The Licensee will provide meter readings where they apply to points of entry into the Company's supply system via telemetry as described above. Meter reading for the Licensee's customers will be taken at a frequency to be agreed at the application stage. For standard large users meter reading is usually monthly. The Licensee must allow access of such meters to the Company for reading purposes.

Meter reading verification will be undertaken at three points:

- Consumption outside previous usage parameters will be highlighted to the reader at the point of the read.
- Consumption outside previous usage parameters will be highlighted at the point of transfer to the billing system.
- A further check can be undertaken to confirm the reader's visit and take place by validation on the vehicle tracker system.

In certain cases, the meter reading may be subject to dispute. In such cases, the Company, in conjunction with the Licensee, will try to resolve the disputed meter reading. The resolution of disputed meter readings should include:

- Recourse to logged consumption data.

- Previous meter reading history.
- Meter specification.
- Physical reading of the meter in question by either or both parties – where appropriate.

The Company will collect meter readings for the purposes of sewerage billing.

5.3 Supply system balancing

5.3.1 Strategic balancing

i) Annual supply planning

The Licensee will provide to the Company an annual demand forecast in November of the prior year. For customer demands less than 500 Ml/year the Company will provide non-significant variations of supply from its own sources at no charge. An exception would be where the expected peak and seasonal demand profile of the customer is significantly abnormal, for example, where water is predominately used at weekends or where the customer demand ceases on regular occasions. For customer demands greater than 500 Ml/year the Company will agree with the Licensee the required profile of source input consistent with the anticipated demand profile of the Licensee's customers.

ii) Use of strategic supplies

Clause 5.3.1.i) above applies in all circumstances except where a required re-balancing source is critical to the Company's own customers. The transparency of why certain sources are critical and cannot be used for re-balancing will be demonstrated at the application stage. Where a source is not available for re-balancing then modifications may be needed to the system at the Licensee's cost or the Licensee will be expected to meet all variations in its customer demands to an agreed level of tolerance.

The Company can ask Ofwat to or Ofwat can designate a supply as being strategic under sections 66G(10) and 66H(10) of the WIA91. A supply of water is defined as strategic if, without the introduction being made, there is a substantial risk that the Company would be unable to maintain supplies to its own customers and domestic supplies to the Licensee's customers. The 'trigger' for whether a supply can be designated as strategic is contained in sections 66G (10) and 66H (10) of the WIA 91.

A designation request should be made in writing and include information such as:

- The name of the water undertaker and Licensee,
- A detailed explanation of why the introduction should be designated as strategic,
- The date from when the designation should apply and the duration, if known,
- Details of the introduction including its input point and its source(s).
- Volumes of water involved and supply and demand patterns of the source,
- Any other water quality or operational matters that are considered to be relevant,
- Any other relevant information.

This list is not exhaustive. For the full list, Ofwat's guidance on strategic supplies should be referred to.

Ofwat will seek advice from those with expertise of water resource management when making its decision. Possible consultees may include:

- The Environment Agency;
- Ofwat staff; and
- Any independent experts.

Ofwat will aim to make a decision within 20 working days of the closing date for representations. If Ofwat expects to be unable to make a decision within 20 working days, it will notify the parties and extend the period for a further 20 days. Ofwat will give notice of its determination, in writing, to all parties that received the initial notice of the designation request.

If a supply was designated as strategic and a Licensee were to fail, either procedurally or financially, special administration would apply and the strategic supply would continue to be introduced into the public water supply system.

iii) Back up supplies

Although not a duty or a mandatory service, further to contract negotiations, an option may exist for the provision of a back up supply to a Licensee's customer. The feasibility of this would be determined by the Company on a case-by-case basis in conjunction with a Licensee's application and subsequent assessment. This assessment would take the following into account:

- The demand profile of the Licensee's customer.
- The location of the Licensee's customer.
- The potential impact on existing customers.
- The hydraulic capacity of the network to support a back up supply.

Provision of a back up supply may involve some or all of the following costs to the Licensee:

- Operational costs (e.g. chemical costs, power costs etc).
- Costs involved in calculating the marginal cost of water.
- Infrastructure connection costs.

Any costs associated with the provision of a back up supply, which may have previously been avoidable or reducible for the purposes of calculation of an access price and which subsequently become unavoidable or non-reducible, will be reflected in the calculated access price.

iv) Interim duty to supply

If a customer takes a supply of water from a Licensee and either the Licensee or the supply subsequently fails, the Company will have an interim duty to supply the Licensee in accordance with section 63AC of WIA91. The Company will supply water to the Licensee under certain conditions and is entitled to charge the customer for the water provided under its interim supply duty in accordance with section 143 of WIA91.

The interim supply duty is not absolute. It does not apply where the provision of the supply would put the Company at risk of meeting its existing supply obligations and its probable future obligations to supply water for domestic purposes or require unreasonable expenditure to do so. This is in accordance with section 63AC (5) of WIA91.

v) Interruptible customers and interruptions to supply

The Company does not currently offer an interruptible tariff. However, it may agree operational and financial arrangements with the Licensee where supplies may be interruptible on a case-by-case basis.

5.3.2 Flow balancing and reconciliation process

i) Supply system usage forecasts for wholesale supplies

Where the wholesale supply is received from the Company, then the Licensee is to provide the Company with a forward forecast (12 month period) of its customers' use. The detail of this forward forecast will depend on the magnitude and profile of the customers' needs.

Where the wholesale supply is received from another undertaker, then the Company will require detail of the frequency and profile of the incoming wholesale supply in addition to the Company's demand profile.

ii) Supply system usage forecasts for combined supplies

Data requirements for combined suppliers will be treated in the same way as if the Licensee were to receive a wholesale supply from another undertaker as described in 5.3.2i) above.

iii) Imbalance accounting

Under normal circumstances, Licensees will be expected to match consumption and production volumes. Where the licensee proposes to put less water into the supply system than their customer's demand, the Licensee will enter a agreement with South Staffordshire Water to pay reservation charges (structured in the same way as the Company's large user tariff).

The Licensee will calculate on a monthly basis the difference between the volume of water put into supply (adjusting for those volumes in 5.1), and the water used by its own customers. This will be based on the agreed expected profile and use by the customer. Where the difference is less than +/- 10% then this will be carried forward and aggregated to the next monthly calculation.

In the event that accounting imbalances exceed 10% either monthly or by aggregation at any other agreed accounting period, then a credit will be made to the Licensee, where their input exceeds their customer demand, based on the short run marginal cost of water. In the event that the Company is required to meet a shortfall in the volumes supplied by the Licensee then the Company will charge the Licensee based on the short run marginal cost of the water. The short run marginal cost of water will be based on cost avoidance principles and hence the short run marginal costs are likely to be, as a guide, similar to the indicative access discounts stated in Section 10 of this code.

If accounting imbalances persist into a period of greater than 12 months and such that the Company's water resource planning become affected, then the Licensee will be required to contribute towards the bringing forward of any necessary investment.

If accounting imbalances persist beyond a period of 12 months in circumstances where the Licensee is providing 10% greater than that needed by its customers, then the Company may require the Licensee to reduce its input volume to prevent further imbalance.

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

The Company does not currently engage in peak season and off peak season reconciliation. However, if the Licensee requires this, the Company will look into the possibility of providing this on a case-by-case basis. Any reconciliation arrangements will be agreed between the Licensee and the Company at the time of application.

6. Section 6: Supply System Maintenance and Emergency Procedures

6.1 Diagnosis of system issues

6.1.1 Obligations with respect to diagnosis of supply system problems

The Company will retain responsibility for diagnosis of any or all supply system problems impacting upon its existing duties to its customers. Responsibility for problems either within the Licensee's group of assets or within any secondary system will rest with the Licensee. It will be necessary as part of the application procedure to agree the information process to ensure that operational problems are communicated to the Company as early as practicable.

In the event that it is not clear whether it is the Licensee's responsibility or that of the Company, then both parties will consider that it is their joint responsibility and act accordingly to achieve resolution. The Company would take the lead role in resolving the problem.

i) Responsibility of water undertaker

Responsibilities of the Company remain those applying to its existing operations, specifically those associated with Water Supply (Water Quality) Regulations 2000, Water Act 1991 as amended by the 2003 Act, and all health and safety and other legislation applying to the Industry.

At the specific level the Company will continue to monitor its system, plan and execute all maintenance, provide asset management plans and generally manage the supply system sufficient to meet its legal obligations.

The Company will have the absolute right to decide to terminate input of water from the Licensee's source where, in its opinion, continued use of this source is likely to cause service or quality concerns to customers. In the event that the Company wishes to take this action, the Company will attempt to contact the Licensee first and to seek remedy where this is possible. Arbitration on whether the Company's action in this regard is reasonable will be by reference to Ofwat whose decision will be final.

ii) Responsibility of Licensee

The responsibilities of the Licensee will be contained within the licence as issued by Ofwat. These responsibilities will be substantially less where the Licensee is a retail operator.

Outside of the general responsibility described within the licence the Company would expect and require the Licensee to work with it on emergency planning events where these involve either the customer or the Licensee's sources of supply. The Company would also require, as described above, immediate notification and resolution procedure in any emergency involving the Licensee's sources of supply or connection to the Company's supply network. It is not possible to be exhaustive over describing those matters where liaison is needed, but by example these would include details of maintenance, supply interruption, water quality, pressure and surge and any other problem which might impact on the existing customers or its supply network.

6.1.2 Quality issues

In general, the Company will require the Licensee to satisfy the DWI that it is meeting water supply regulations in accordance with the Water Supply (Water Quality) Regulations 2000 and licence condition 13, together with those additional Company standards that apply in the

vicinity of the Licensee's input to the system, together with any consequent customer concerns. In this regard, the Company will be mindful of any significant change in customer complaint, which can be shown to be the result of the Licensee's input into the supply system.

Depending on the supply region and area, the Licensee may be required to ensure that water entering the Company's supply system will be similarly fluoridated to the standards and level required by the local Strategic Health Authority. Licensees must approach the Strategic Health Authority to seek advice on the legal position and ascertain if they are covered by the Government's indemnity.

In the event of significant complaint, then the Licensee and the Company will discuss options for resolution. Where resolution cannot be reached and the Licensee wishes to continue supplying the customer via this input, then arbitration via the DWI will apply. The DWI will expect the parties to demonstrate that all options for resolving the dispute have been considered. During the period of dispute resolution, the Company will supply the Licensee's customer from its own sources and will require the input from the Licensee to cease. Payment for the imbalance in supply during this period will depend upon the result of the arbitration.

The Licensee will provide details of compliance sampling, agreed operational sampling and on line monitoring data to the Company sufficient to satisfy the Company that the Licensee's sources are operating satisfactorily.

The Company will provide compliance and operational sampling within its supply network where this is associated with the Licensee's customers. The Company's water quality monitoring programme complies with the requirements of the Water Supply (Water Quality) Regulations 2000, and any subsequent amendments.

Both the Company and the Licensee will compile and share trend data to allow both parties to monitor and action any necessary modifications to the supply system.

Any and all data transferred between the Company and the Licensee will be expedited swiftly and without delay.

The Company has a long run maintenance programme associated with mains flushing. From time to time, the Company will require the Licensee to take part in a flushing programme. This will be at a time reasonable to both parties and will be no more onerous a programme than that undertaken by the Company for its own network. It is also possible that the Licensee will undertake flushing programmes of its own, details of which should be provided to the Company.

The Licensee will, in satisfying its own requirements for water quality monitoring, use the services of a laboratory. These laboratories will be required to be UKAS accredited.

6.1.3 Hydraulic issues

A system curve is the relationship between changes in flow and the corresponding changes in pressure within a pipe network. Typically, larger supply zones with greater mains capacity would produce flatter curves with the ability to accommodate larger volumes of water without significantly pressure reductions. At the time of application, the Company and the Licensee will agree the system curve, which will require to be matched by the Licensee's sources of supply. Any intended material deviation by the Licensee from this curve will be discussed by

the Company immediately and may result in cessation of supply. Any accidental material deviation is likely to result in an automatic cessation of supply.

In the event that the Company intends a detrimental change to the system hydraulics, then the Company will discuss this with the Licensee as soon as possible. One example of a detrimental change may be the repair of a burst main which reduces the capacity of the Company's network to accept the Licensee's input. The Company accepts that there may be potential compensation payable to the Licensee as a result of a possible short-term inability to supply its customer and costs associated with modifying its assets.

6.1.4 'Real' time information capture systems

The use and requirement for data exchange is described elsewhere in this Code, although the principles of frequency of data exchange and the importance of such data apply throughout. As a minimum, the Company and the Licensee will agree routine and emergency contact details for exchange of such data.

Flow and pressure readings are typical of the data required, the frequency of capture, archive and update being dependent upon operational requirements. As a general guide, an archived value depicting the average flow or pressure over a 15-minute period should be adequate. However, where operational needs dictate the need for real time operational information, flow and pressure data will typically need updating at least once every 60 seconds.

Where it is agreed that the exchange of data shall take place between the Licensee and the Company, unless this data exchange is required in real time, it will be acceptable to transfer archived data using standard file transfer methods using standard office based applications such as Microsoft Access or Excel. However, where data is required to be transferred in real time (with more frequent updates) an alternative method will need to be agreed by both the Licensee and the Company.

The Licensee may wish to discuss with the Company at the time of application whether the shared use of the Company's systems, at a cost to the Licensee, is beneficial.

6.1.5 Reporting procedures

The application process will record routine and emergency points of contact and necessary systems of contact between the Licensee and the Company.

As a guideline, the following information can be found in the accompanying sections of this access code:

- Points of contact for the Company's and Licensee's customers – section 7
- Procedures for reporting and recording of emergencies – sections 6.4 and 6.5

6.2 *Planned system maintenance*

6.2.1 *Obligations with respect to planned maintenance*

i) Responsibility of water undertaker

The Company's responsibility for planned maintenance will be unchanged as a result of any application under this Code. However, it will be the responsibility of the Company to advise the Licensee where such planned maintenance is likely to affect the Licensee's customer. Information regarding this event must be passed to the Licensee as soon as practicable. An example of such an event might include a bacteriological or chemical contamination of the supply system where the customer is prevented from using the water for drinking. Under such circumstances it would be the responsibility of the Company to provide drinking water via an alternative means at no cost to the Licensee. Any compensation due under such circumstances is described in section 6.6.3.

If a period of planned maintenance is aborted and costs are incurred by either the Company or the Licensee, these will be discussed by the two parties at the time of the incident. Any compensation due to the Licensee in such instances will also be discussed between the Company and the Licensee.

In the event that a planned mains isolation within the Company's supply system prevents the Licensee from supplying its water, then the Company will maintain supplies to the Licensee's customer without charge.

Most routine planned maintenance events, such as pump changeover or mains renewal, are unlikely to result in other than minor periods of disruption for the Licensee's input.

ii) Responsibility of Licensee

The Licensee is required to advise the Company of planned maintenance programmes at least one month in advance of the activity. In the event that the Licensee's source of water exceeds 500 MI/year, then the Company reserves the right to seek to vary the Licensee's maintenance programme via discussion with the Licensee. In extreme circumstances, such as drought, unless legal liability intervenes, the Company may require the Licensee to abort a planned maintenance programme in the interests of continuity of supply.

If a period of planned maintenance is aborted and costs are incurred by the Licensee, these will be discussed by the two parties at the time of the incident. Any compensation believed due to the Licensee in such instances will also be discussed between the Company and the Licensee.

Any dispute arising from intervention by the Company may require determination by Ofwat whose decision is final.

6.2.2 *Specification of assets*

The Company recognises that each application for retail or combined supply will be different. As such, it is not practicable to list those assets associated with the agreement prior to such an agreement. It is, however, a requirement that the Company and the Licensee agree the scope and specification of assets owned, controlled and maintained, by both the Company and the Licensee.

6.2.3 Maintenance standards

The Company's PR04 Price Determination includes a key output requirement that service and serviceability will be sustained. In particular, the Company is currently assessed as having both "stable" overground asset and underground asset serviceability. This is in line with requirements set out at the PR04 Final Determination.

The Company also conforms with Ofwat's Director General (DG) levels of service indicators, which measure standards of service in certain key areas. These cover the following:

- DG2 – pressure of mains water - inadequate pressure: number of customers affected by supply problems
- DG3 – supply interruptions: number of customers affected by (1) unplanned interruptions without any warning (2) planned interruptions
- DG6 – response to billing contacts: all household and non-household customer queries regarding their account.
- DG7 – response to billing contacts: all written complaints.
- DG8 – bills for metered customers: identifying billed account readings.
- DG9 – ease of telephone contact: all telephone queries directed through the Company's principal advertised customer contact lines.

In addition to this, the Company adheres to the service levels set out in the Guaranteed Standards Scheme (GSS), which are monitored by Ofwat. The GSS sets minimum standards of services to be met for all customers of the regulated water and sewerage undertakers in England and Wales. It prescribes compensation payments to be made to customers who receive a service below those standards.

The GSS covers the following areas:

- Making and keeping appointments
- Responding to account queries
- Responding to complaints
- Interruptions to the water supply – both planned and unplanned
- Sewer flooding
- Low pressure

For the purposes of the water supply licensing regime, Licensees are not customers of water undertakers and customers of Licensees do not have the benefit of GSS or the compensation payments contained within it.

The specific relevance of maintenance standards to the application will be discussed with the Licensee at the time of application.

6.2.4 Risk assessment processes

The Company will make available to the Licensee details of the risk analysis process, which the Company employs when carrying out operations within its supply network. The extent of risk analysis is consistent with the consequence of failure and, as such, the Company will not impose unreasonable burden on the Licensee to provide an unwarranted degree of analysis prior to the works being undertaken.

To facilitate the completion of risk assessments surrounding planned maintenance works, the Company may require information from the Licensee regarding their and their customer's operational procedures. This could include, for example:

- Demand profiles.
- On site storage.

- Pressure requirements.
- Water quality requirements.

If this is the case, the request will be made in a time frame which is reasonable to enable production of the information by the Licensee and subsequent assessment of that data by the Company.

In the absence of information from the Licensee, the Company will undertake a risk assessment with the information at hand. The Company will not be liable if incorrect, incomplete or insufficient information was provided by the Licensee, which prevented a satisfactory risk assessment taking place. The Company may also refer the matter to Ofwat.

6.3 *Unplanned system maintenance*

6.3.1 *Obligations with respect to unplanned maintenance*

i) Responsibility of water undertaker

The Company's responsibility for unplanned maintenance will be unchanged as a result of any application under this Code. However, it will be the responsibility of the Company to advise the Licensee whenever unplanned maintenance is likely to affect the Licensee's customer. Information regarding this event must be passed to the Licensee as soon as practicable. An example of such an event might include a burst main where the customer is prevented from using the water for drinking as a result of a boil notice. Under such circumstances it would be the responsibility of the Company to provide drinking water for domestic purposes via an alternative means at no cost to the Licensee. Compensation under such circumstances would be consistent with the Company's compensation payments policy as it applies to unplanned maintenance.

In the event that an unplanned event within the Company's supply system prevents the Licensee from supplying its input, then the Company will maintain supplies to the Licensee's customer without charge.

The Company will endeavour to maintain supplies to the Licensee's customers. However, despite these best endeavours there may be circumstances beyond the Company's control that means that supplies to the Licensee's customers can not be met at all times. In such instances, the Company's standard compensation policy will ensue. There may be instances where customers may be entitled to additional compensation. These will be dealt with on a case-by-case basis. The Company accepts that it has an interim duty to supply a Licensee's customers.

ii) Responsibility of Licensee

The Licensee is required to advise the Company whenever unplanned maintenance is required. In the event that the Licensee's source of water exceeds 500 MI/year, then the Company reserves the right to seek to vary the Licensee's unplanned maintenance programme via discussion with the Licensee. In extreme circumstances, such as drought, unless legal liability intervenes, the Company may require the Licensee to abort an unplanned maintenance programme in the interests of continuity of supply.

Any dispute arising from intervention by the Company may require determination by Ofwat, whose decision is final.

6.3.2 Risk assessment processes

The risk analysis process for unplanned events mirrors that for planned events.

6.3.3 Emergency notices

Regardless of whether the emergency event is as a result of the Licensee's actions or the Company's actions (or where liability is unclear), the Company will retain responsibility for managing any issue of emergency notices to customers. In the event that it can be proven that the event was as a direct result of actions by the Licensee, then the Company will issue the Licensee with an invoice to cover the costs and any overheads (for example printing costs, stationary, overtime costs etc) of managing the event. Costs will vary depending on the nature and size of the emergency and the resources involved (for example the number of notices needed to be sent out and the time taken to do this, as well as the time of day of issue).

Where there are consequential liabilities, for example where claims are received from customers associated with loss of income, then such claims will be passed to the Licensee.

Where the Licensee's customer is affected by the issue of emergency notices, the Company will keep the Licensee fully informed on the event and its management.

In accordance with Standard Licence Condition 3, Licensees are required to produce an annual certificate of adequacy for Third Party Liability insurance. In line with Company standard practice, the Company reserves the right to ask for a copy of this insurance.

6.4 Safety aspects of unplanned and emergency work

6.4.1 Status classification

Although the Company has responsibility to show due diligence in its activities by maintaining its assets in the appropriate manner, there will be occasions when unplanned situations occur which are outside the normal operating conditions of the Company's supply network.

These are classified as follows:

Event (operational)

Situations that occur that are easily managed by operational staff, occur over a short time scale and that become a normal daily event. An example of this is a burst main or localised discolouration of water.

Incident (tactical)

Situations that occur that require additional resources outside of normal operating conditions to resolve (e.g. formation of a special incident management team) but which are drawn from within the Company. An example of this is a large diameter burst main which results in:

- Widespread loss of supplies; and/or
- Discolouration of water; or
- Deterioration in water quality potentially harmful to health.

Crisis (strategic)

These are situations that occur that require resources to be drawn from organisations in addition to the Company, e.g. mutual aid from another water company or the help of volunteer services. An example of this is a wide-scale loss or contamination of supplies for a prolonged period of time requiring the delivery of alternative water supplies (e.g. bottled water, bowsers and tankers).

The implementation of response procedures and the subsequent allocation of resources will depend on the specific type and scale of the situation.

All extraordinary situations with the potential to create disruption to normal water supply at a level greater than can be dealt with through local routine measures will trigger the setting up of an Incident Management Team.

Subsequent management of the situation will be in accordance with the Company's Emergency Procedures.

The Company requires the Licensee to contact its 24 hour Control Room on 01922 624979 regarding any operational or water quality event that may pose a risk to the Company's activity/customer/network and any risk that may require input from the Company. For example, the Company is obliged under the Water Undertakers (Information) Direction 2004 and also the Water Supply (Water Quality) Regulations 2000 to advise the relevant bodies of any incident that may affect drinking water quality or supply sufficiency. Condition 5 requires a Licensee to advise the Company immediately they become aware of any potential or actual incident that affects, or is likely to affect, water quality.

As a minimum action, the Licensee is also required to have its own emergency points of contact available 24 hours a day, each and every day by telephone, email and fax. It is envisaged that the Licensee will need to establish an Incident Management Team, which would provide identified staff to join a Liaison Team between the two Incident Teams. Emergency contact procedures will need to be defined in a reporting protocol and the Access Agreement to be agreed between the Company and the Licensee.

6.4.2 Standard emergency reporting procedures

The Company's emergency reporting procedures are contained within its Emergency Procedure. As a minimum action, the Company requires the Licensee to contact its 24 hour Control Room on 01922 624979 on any event that may pose a risk to the Company's activity/customer/network and on any risk that may require input from the Company. The Licensee is also required to have its own emergency points of contact available 24 hours a day, each and every day by telephone, email and fax. Emergency contact procedures will need to be defined in a reporting protocol and the Access Agreement, to be agreed between the Company and the Licensee. The Company's Emergency Procedure will be made available in confidence to the Licensee following a signed agreement and a separate signed agreement regarding the confidentiality of the Company's emergency planning process.

6.4.3 Major emergency reporting procedures

The Company's Emergency Procedure covers all emergencies from operational through to strategic. Civil emergencies are described within the Company's procedure, although these will also refer to higher levels of organisational control during these events. Release of information regarding major emergency procedures will be made available on a "need to know" basis and subject to agreeing confidentiality.

As a minimum action, the Company will require the Licensee to have designated emergency contacts available 24 hours a day, each and every day by telephone, email and fax. The Company also requires the Licensee to contact its 24 hour Control Room on 01922 624979 on any event (for example operational or water quality) that may pose a risk to the Company's activity/customer/network and on any risk that may require input from the Company.

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

Certain emergency events may involve or be as a result of information from the Security Services. The Security Service has strict rules regarding those personnel who are able to have access to security information. In order for satisfactory liaison between the Company and the Licensee during these events, the Company will require a named contact point within the Licensee's organisation who can demonstrate that they have been cleared by the Security Service to the level necessary. Clearance can be obtained by the Licensee writing to Defra on behalf of the individual who needs to be cleared. A questionnaire will need to be filled out, which should lead to clearance being given. The Company will then ask Defra to confirm that the individual is security cleared and to what level. This security clearance is a requirement of the Security and Emergency (Water Undertakers) Measures Directive (SEMD) 2006 and will be a pre-requisite at the time of application. Failure to renew security clearance would constitute *force majeure* of the contract.

The Company maintains a number of specific procedures appropriate to specific sources. Where these procedures are of relevance to a particular application under this Code, then these will be made available to the Licensee in confidence.

In the event that it can be shown that the Company has been required to undertake emergency investigations into the operation or performance of its supply network as a result of the activity of the Licensee, then the Company will re-charge the cost of such operations to the Licensee.

6.6 Customer protection

6.6.1 Special consumers

Details of vulnerable groups, for example, where a customer requires continued supply for dialysis or other medical treatment, will be made available to the Licensee where the application under this Code puts any of these customers at potential risk of loss of supply. This information will be provided to the Licensee subject to commercial confidence and to Data Protection.

The Company will retain control of all management activity with regard to customers with particular needs.

6.6.2 Large scale customer warning procedures

The management of large-scale customer warning procedures is contained within the Company's Emergency Procedure.

The Company will retain control of all management activity with regard to large-scale customer warning procedures.

Each separate event will require different degrees of management activity. However, for any large-scale customer warning procedures a full Incident Management Team would have already been established. Any customer warnings would be under the direction of the External Communications Manager, and agreed by the overall Incident Controller (who assumes corporate control over the Team, the Company and all resources). The Communications Manager will draw upon whatever resources or information are required to provide an effective communication (see section 6.7.1). Resources will include the utilisation of press, radio and TV for communication of messages, as well as contractual procedures for delivering pre-prepared written information, or more formal notices regarding advice on water quality.

6.6.3 Emergency compensation payments

The Company undertakes to compensate customers of the Licensee in circumstances where the Company's actions are the cause of the failure in service. Compensation will be paid in line with standard Company compensation payments. Examples of such circumstances include:

- Where supply has not been restored on a local distribution main within 12 hours of the Company becoming aware of the burst.
- Where supply has not been restored on a strategic main within 48 hours of the Company becoming aware of the burst.
- Where low pressure has been experienced for 28 consecutive days, on at least two occasions each lasting for an hour or more.

Full details of the Company's standard compensation payments are available upon request from our Customer Services Department.

There may be other discretionary payments that the Company may pay on a case-specific basis, to be decided between the Licensee and the Company when the Access Agreement is drawn up.

6.6.4 Emergency operational planning exercises

It is expected that, in the majority of circumstances, the Licensee's activities would not constitute a need for involvement in emergency operational planning exercises. This need will be judged at the time of application and, in the event that, the Licensee's activities are of sufficient materiality, then the Company and the Licensee will share and agree details of planning exercises as necessary. The Company will also agree to involve the Licensee in planning exercises where these involve the Licensee's sources. In all instances, the Licensee must comply with its security and emergency measures duties under section 208 of WIA91.

6.7 Support processes

6.7.1 Arrangements for press liaison

The Company will maintain responsibility for managing media relationships regardless of whether the Company or the Licensee is responsible for the incident. In the event that the media contacts the Licensee directly, then the Licensee will refer the matter to the Company's media rota. One member of a media team controls press liaison. The team have a one in six week rota. The media rota is available during working hours by telephoning the Company's reception or, out of hours, by telephoning the Company's Control Office on 01922 624979. Either route will contact the relevant media member, available 24 hours a

day, and provide contact details of the external press office enquiry. The media contact will draw upon whatever resources or information are required to provide an effective response, including any Press Release, to the external Press Agency. Resources will include the utilisation of radio and TV for communication of messages, as well as procedures for delivering written information. The media team have ready access to all relevant radio, press and TV contact numbers and emails. Pre-prepared press statements are also available.

6.7.2 Arrangements for the dissemination of severe weather warnings

In exceptional circumstances the Company will advise the Licensee regarding severe weather warnings. Existing weather information is provided under commercial contract and the Company is prohibited from copying this outside of the business. If the Licensee wishes to avail themselves to this information, then additional costs may be incurred. If severe weather warnings are received from sources other than the Company's existing commercial contract provider, (for example the Meteorological Office) the Company will endeavour to inform the Licensee of this information.

6.7.3 Emergency contacts

i) Responsibility of water undertakers

The emergency point of contact for the Company will be the Duty Control Officer available on 01922 624 979 (South Staffs Region) or 01223 403 011 (Cambridge Region).

ii) Responsibility of Licensees

The Licensee is required to advise the Company of its emergency point of contact. Emergency points of contact must be available 24 hours a day each and every day by telephone, email and fax. The Company requires contact from the Licensee on any event that may pose a risk to the Company's activity and on any risk that may require input from the Company. Emergency contacts will need to be defined in a reporting protocol and service level agreement, to be agreed between the Company and the Licensee.

6.8 Reportable situations

The DWI, EA, the Health and Safety Executive and DEFRA require statutory information to be provided in the event of an incident. Examples of such information to be provided include data on:

- Security breaches into potable water installations; and
- Breaches of the Water Supply (Water Quality) Regulations 2000. For example, water quality issues regarding contamination, discolouration, bacteriological failures and chemical composition (the cause, nature, estimated timescale, remedial actions of the Licensee and the source of the issue).
- Insufficient supplies to customers, in accordance with the Security and Emergency Measures (Water Undertakers) Direction 1989 (and any updates).

Dependent upon the severity of these incidents it may be necessary to produce 72 hour, 20 day and three monthly reports. The Licensee will be required to comply with these timescales where the Company requests reasonable information in support of its notification.

Most reportable incidents are caused by failures of drinking water quality. However, it is occasionally the case where a reportable incident might be due to health and safety or

environmental emergency. The Licensee will be expected to comply with the reasonable requirements of these statutory bodies in the event that an incident becomes reportable. In the event that it is the actions of the Licensee, or where the cause is unclear, have resulted in the reportable situation, then the Licensee will be required to deal with the authorities either directly or jointly with the Company. In any event, the Licensee will be required to keep the Company fully informed.

7. Section 7: Customer Contact Arrangements

7.1 Customer contact arrangements for operational queries and complaints

Customer contact arrangements are likely to be case-specific, agreed by the Company and the Licensee at the time of Access Agreement contract preparations. This section therefore provides details of general responsibilities.

As the customer is ultimately its supplier's responsibility, the Company will expect the Licensee to provide full information to its customers of agreed contact arrangements.

7.1.1 Customer meter reading

The Licensee is responsible for billing its customers. Therefore where a customer reads its meter and wishes to supply an alternative reading to that billed by the Licensee, the customer should contact the Licensee.

Where a special agreement exists between the Licensee and the Company for the Company to bill the customer on the Licensee's behalf, the customer should contact the party specified in the agreement. This may be the Company or the Licensee. If a special agreement exists the Licensee should advise the customer of the correct contact procedure at the commencement of the Access Agreement contract.

If a Licensee requires the Company to read the customer's meter, this will be addressed within the Access Agreement.

7.1.2 Billing and debt collection

The Licensee is responsible for billing its customers and under the same responsibility, for collecting any outstanding debt.

If a special agreement exists between the Licensee and the Company for the Company to bill the customer on the Licensee's behalf, then the Company may also be responsible for debt recovery. If a special agreement exists, the Licensee should advise the customer of the correct contact procedure at the commencement of the Access Agreement contract.

The Company will continue to send out bills for sewerage services and surface water drainage on behalf of Severn Trent Water Ltd (South Staffs Region) or Anglian Water (Cambridge Region).

i) Termination of supply

There are three situations in which termination of supplies made under Sections 66A-66C WIA91 might arise:

- The Licensee pays the Company but the customer does not pay the Licensee
- The Licensee does not pay the Company but the customer has paid the Licensee
- The Licensee does not pay the Company and the customer has not paid the Licensee.

In respect of the first situation, a Licensee should ensure that the agreement with its customer clearly sets out how it deals with non-payment.

The Company will require that any wholesale or combined agreement clearly sets out when the Company may cease to supply a Licensee's customer at the Licensee's request.

The Company will also require that the Access Agreement provides for it to terminate the agreement with, and therefore its duty to supply, a Licensee in the event of non-payment. However it is likely that in this situation the Company's duty to supply the Licensee's customer under Section 63AC WIA91 will apply.

Examples of other circumstances where the Company may also terminate a supply to a Licensee are:

- water quality issues
- repeated and ongoing failure by a Licensee to facilitate information provision between parties

This list is not exhaustive, and will be subject to pre-contract discussion with a Licensee prior to inclusion in an Access Agreement.

7.1.3 Operational issues

i) Water supply queries

For all non-emergencies, customers should contact their supplier (the Licensee). If required and as specified in the Access Agreement, the Licensee should then liaise with the Company.

In the event of an emergency, the Company will expect the customer to contact the Company directly should an occasion arise. It is envisaged that emergency contact will be direct to the Company's 24-hour Control Room on 01922 624979 (South Staffs Region) or 01223 403 011 (Cambridge Region). The Company will then work with the Licensee to keep the customer informed of the status of the situation.

Some customers of Licensees may require day-to-day contact or periodic notification of change from the Company on water quality issues that affect the running of their business. The procedures, and associated costs, for this contact should be confirmed within the Access Agreement.

ii) Sewerage queries

The Company will expect a Licensee to make arrangements with the sewerage undertaker (Severn Trent Water Ltd in the South Staffs Region or Anglian Water Ltd in the Cambridge Region) to clarify its customer's first point of contact, for example the Licensee or the sewerage undertaker.

Where co-ordination between the Company and the sewerage undertaker may be required, the Company would expect the Licensee to initiate the contact and articulate the situation and what it requires from the Company.

The Company will continue to send out bills for sewerage services and surface water drainage on behalf of Severn Trent Water Ltd (South Staffs Region) and Anglian Water Ltd (Cambridge Region).

7.1.4 Complaint handling processes

A complaint handling procedure will be agreed between the Licensee and the Company at the time the Access Agreement is made. This will include the roles and responsibilities of both the Company and the Licensee.

Ordinarily, the Company will respond to a written complaint within 10 working days of receiving the complaint. If the Licensee receives a complaint which the Company needs to advise on – for example where there is an operational failure or data malfunction which the Company is responsible for – the Company needs adequate time to reply to the complaint within the 10 working day window.

The Licensee should ensure that its customer is fully aware of the responsibilities of itself and the Company.

Where the customer is not satisfied with how the Company or the Licensee has handled its complaint, it can refer it to CCWater Central. CCWater is an independent body set up specifically to represent the interests of customers. Its address is:

Consumer Council for Water
1st floor Victoria Square House
Victoria Square
Birmingham
B2 4AJ

Web: www.ccwater.org.uk

7.1.5 Obligations on water undertaker

The Company will ensure that it complies with the procedures, timescales and agreed levels of service laid down in the Access Agreement.

Condition R requires that the Company ensure that the Licensee is aware if any special consumers occupy, or are likely to occupy, any premises the Licensee supplies or is likely to supply.

Condition R sets out further obligations on the Company in respect of information provided to the Licensee on issues such as water quality

7.1.6 Obligations on Licensee

The standard conditions of a Water supply licence require that a Licensee must provide the Company with contact details for use in the case of emergency. Likewise, for the same reason, it must ensure that the customer is able to easily contact the Company.

Condition 5 requires that the Licensee must ensure that the Company is aware if any special consumers occupy, or are likely to occupy, any premises the Licensee supplies.

Condition 5 sets out further obligations on a Licensee in respect of information provided to the Company on issues such as water quality.

A Licensee must ensure that its customers are aware of agreed contact arrangements, for instance, any times or circumstances when the customer should contact the Company directly. These types of arrangements are likely to be case-specific and agreed at Access Agreement contract preparation.

The Licensee must also ensure that it complies with the agreed procedures, timescales and other agreements laid down in the Access Agreement.

7.1.7 Disconnection

As mentioned in 7.1.2 (i) above, there are three situations in which termination of supplies made under Sections 66A-66C WIA91 might arise:

- The Licensee pays the Company but the customer does not pay the Licensee
- The Licensee does not pay the Company but the customer has paid the Licensee
- The Licensee does not pay the Company and the customer has not paid the Licensee.

In respect of the first situation, a Licensee should ensure that the agreement with its customer clearly sets out how it deals with non-payment.

The Company will require that any wholesale or combined agreement clearly sets out when the Company may cease to supply a Licensee's customer at the Licensee's request.

The Company will also require that the Access Agreement provides for it to terminate the agreement with, and therefore its duty to supply, a Licensee in the event of non-payment. However it is likely that in this situation the Company's duty to supply the Licensee's customer under Section 63AC WIA91 will apply.

There are some situations where physical disconnection of the supply may be necessary. This is in instances where the Company's ability to supply its own customers is put at risk. Such instances will involve breach of the Water Supply (Water Quality) Regulations 2000 and Water Supply (Water Fittings) Regulations 1999. These include contamination of supplies and where backflow is prevalent. This list is not exhaustive, and will be subject to pre-contract discussion with a Licensee prior to inclusion in an Access Agreement.

7.2 *Customer contact arrangements for emergencies and events*

This section should be read in conjunction with Section 6.

7.2.1 Special consumers

Section 7.1 refers to the responsibilities of Licensees and undertakers to ensure that the other is aware if any special consumers occupy, or are likely to occupy, any premises the Licensee supplies or is likely to supply. Special consumers are, for example, those requiring water urgently for medical reasons. Standard Licence Condition 5 is applicable here.

This is to ensure that the undertaker and Licensee work together to make certain that the special consumer is not disadvantaged or endangered as a result of the competitive process.

It must be noted however that for the Company to be aware of a special consumer, the person must have voluntarily registered with the Company as such.

The owners or occupiers of premises supplied with water may require specific assistance in the way in which the service is provided. Licensees should notify the Company of any such circumstances.

7.2.2 Large scale customer warning procedures

The Company operates a tiered emergency protocol and runs at a permanent state of preparedness should a large scale emergency arise. In the event of such an emergency,

the Company will take a pragmatic view, treating a Licensee's customer in the same way as its own. the Company will notify the Licensee of the situation at the earliest possible opportunity.

7.2.3 Obligations on water undertakers

The Company maintains property location identification records on both its billing and GIS systems. Properties subject to an Access Agreement will be recorded as such. In the event of any emergency, the property and its status will be immediately visible.

Any contact from the Licensee's customer will be logged onto the billing system record and immediately passed to the appropriate department. If the event is large-scale and the Licensee's customer has not already contacted the Company, the Company is likely to communicate with the Licensee's customer. The Licensee will be informed at the earliest possible opportunity.

Systems exist that record the properties occupied by special consumers. These persons will be treated as priorities.

The Company undertakes regular exercises with respect to its emergency protocol, reviewing its effectiveness and implementing changes if identified.

The Company is obliged under the Water Undertakers (Information) Direction 2004 and also the Water Supply (Water Quality) Regulations 2000 to advise the relevant bodies (for example, DWI and/or DEFRA) of any incident that may affect drinking water quality or supply sufficiency.

7.2.4 Obligations on Licensees

A Licensee must ensure that it has complete and accurate information regarding emergency contact details for its customers. It must also have support protocols in place, which include identification and detailing of all designated customers with particular needs.

Furthermore a Licensee must have procedures in place for notifying its customers of emergency situations, should the customer and the Company have not communicated directly.

The standard conditions of a Water supply licence also require that a Licensee must provide the Company with contact details for use in the case of emergency. Likewise, for the same reason it must ensure that the customer is able to easily contact the Company.

The Licensee must also ensure that it complies with the agreed procedures, timescales and other agreements laid down in the Access Agreement.

The Licensee must ensure that all their emergency systems and procedures should be tested no less than annually and changes implemented if identified.

The Company is obliged under the Water Undertakers (Information) Direction 2004 and also the Water Supply (Water Quality) Regulations 2000 to advise the relevant bodies (for example, the DWI and/or DEFRA) of any incident that may affect drinking water quality or supply sufficiency.

Condition 5 requires a Licensee to advise the Company immediately they become aware of any potential or actual incident that affects, or is likely to affect, water quality.

In all instances, the Licensee must comply with its security and emergency measures duties under section 208 of WIA91.

8. Section 8: Supply System Connections

8.1 Connection of Licensee's source to supply system

The process for connection of supply by the Licensee into the Company's supply system will be substantially identical to that for any new developer making similar connection. The guidance surrounding such a connection is contained within the Developer Services pack available from the Company's Customer Service Department. The address of this is:

Customer Services Department
South Staffordshire Water Plc
Green Lane
Walsall
West Midlands
WS2 7PD

Tel: 0845 45 60 072
Fax: 01922 616239

The Company will provide a copy of the pack as part of the application process.

In addition to the general matters of connection to the supply system, such as hygiene and good mainlaying practice, the Licensee will be required to demonstrate that the risks associated with the operation of its source (if any) are acceptable to the Company. In particular, water quality and water quality practices must be comparable to those of the Company.

In terms of timing, no connection to the Company's supply system will be made in advance of completion and signing of the contract between the Licensee and the Company for access to the Company's supply system.

8.2 Connection of qualifying premises to the supply system

Connection of any property to the Company's supply system (in circumstances where the customer is currently not connected) as required by the Licensee is described within the Company's Developer Services pack available from the Company's Customer Service Department.

The new connection process is outlined as follows:

- The Company is responsible for making connections to the live distribution system.
- Water mains and supply pipes can be laid by the Company or be self laid by the Licensee's own contractor, subject to conditions.

Self laid mains

Suitably accredited (Water Industry Registration Scheme) contractors can apply to lay on site water mains and connect supply pipes subject to the Company's self lay guidance. The guidance is produced as a Company specific addendum to the Code of Practice for the Self Laying of Water Mains and Services 1st edition published by the Water Resources Council.

The Company's self lay pack incorporates an appendix on mainlaying specifications to guide installers of the standards required by the Company for main laying.

The self lay addendum describes the process for self laid mains and clarifies what is contestable and non-contestable work.

Company laid mains

If the Licensee requires the Company to make the connection, they will be required to make a formal written application to the Developer Services Unit, within the Customer Services Division.

The Developer Services Team will assess the Licensee's application and will produce a quotation for any works to be undertaken by the Company.

The Developer Services Team will assess the Licensee on the staged process of making the new connection. This can be summarised as follows:

- Accept quotation for Company's work.
- Make payment for Company's work.
- Arrange for inspection of Licensee's water mains/supply pipes.
- Arrange for connection of Licensee's water mains/supply pipes.

Ownership of the water mains/supply pipes is clarified at the application stage. This will generally be determined by the position of pipework and if the fit is in private or public land (adopted highways and verges).

Water mains/supply pipes required to be laid in private land are generally owned by the Licensee/customer. Where the Company is required to lay mains/supply pipes in private land, this will be legally documented in the form of an easement agreement. If applicable, this will be determined at the application stage and confirmed to the applicant.

The Developer Service Pack provides guidance for the key stages of the new connection process and provides information on:

- Definitions.
- Water main requisitioning.
- Responsibilities.
- Guidance on laying water mains/services.
- Charges information.
- Inspection requirements.
- Installation diagrams.

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

A secondary system connection will follow the same process as that which applies to the connection by the Licensee.

9. Section 9: Legal Contract, Arbitration and Disputes Resolution

The contract terms are the terms which regulate the access to the Company's supply system and will be set out in a legally binding contract - an access agreement - between the Company and the Licensee. The nature of the access agreement will depend on whether the license application is a:

- Wholesale license – this will take the format of a Master Wholesale Agreement between the Company and the Licensee, with separate customer schedules for each participating customer.
- Combined license – this will be a combined access agreement between the Company and the Licensee, negotiated for on a case-by case basis for each new application.

Both parties are responsible for the negotiation of the contract terms involved and the adherence to the associated disputes resolution process stipulated in Ofwat's guidance. The final terms of the access agreement can only be agreed after the completion of the detailed application and negotiation stages and will be specific to the circumstances of each application.

9.1 Contract terms

Below is a list of the type of clauses that may appear in an access agreement. Some of the clauses are more relevant to a wholesale application, whilst some may be more applicable to a combined application. Some may be equally applicable to both. The list below is not exhaustive and the clauses may not appear in the order given below. The Company reserves the right to include additional clauses or suggest alternative clauses if the application warrants this.

9.1.1 Contents

i) Recitals

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

ii) Definitions

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

iii) Conditions precedent

This sets out the conditions that must be fulfilled by each party to the agreement before performance under the agreement can become due.

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

Access to the Company's supply system is forbidden until both parties have exchanged contracts.

v) Acceptance of an Access Agreement

The Company does not accept the existence of an Access Agreement until contracts have been exchanged.

vi) Modifications

The Company is prepared to discuss modifications to the Access Agreement at any time during the life of the agreement and would, expect that the Licensee would do likewise. Disputes in this respect will be referred to Ofwat.

vii) Ownership of supply system

The Company retains ownership of the supply system throughout the life of this agreement. Those assets owned by the Licensee will be agreed at the application stage.

viii) Material change

The Company and the Licensee will endeavour to reach agreement whenever there are modifications throughout the life of the contract. In the event that either party considers these modifications to be material, and where they are unable to reach agreement, then they will first consider the opportunity to enter into a new agreement. If this is also unsuccessful, and if the Licensee wishes to continue supplying its customer, the matter will be referred to Ofwat for arbitration.

ix) Liability

Liability for specified matters is described within the individual sections to this agreement.

x) Force majeure

References to force majeure are contained within the individual sections to the agreement.

xi) Exclusions

Any areas where exclusions apply are contained within the individual sections to this agreement.

xii) Indemnity and insurance

The Licensee is required to provide third party insurance sufficient to cover consequential loss associated with their activities. It is expected that this will be as a minimum £2,000,000 per annum.

xiii) Duration

The Company anticipates that Access Agreements will be of an indefinite duration, thus allowing for committed asset investment by the Licensee. The Company is prepared to consider other periods subject to negotiation.

xiv) Termination and severability

The contract can be terminated by 12 months written notice by the Licensee, except in circumstances where the volume of water entering the Company's supply system is contributing significantly to its supply demand balance. This will be agreed at the time of application and, in these circumstances, a maximum notice period of up to five years may apply.

The Company may give notice to the Licensee in the event of financial default or force majeure. Termination will also apply in the event of persistent failure to abide by the conditions of this agreement or by a single significant breach of the agreement.

xv) Emergency suspension

Reference to emergency suspension are contained within the individual sections to this agreement.

xvi) Back up supplies

The circumstances under which back up supplies come into operation are supplied in Section 4.

xvii) Payment

The Licensee will pay to the Company by Direct Debit the access charge monthly in arrears. Any agreed variations will be invoiced separately following liaison meetings and will subject to payment within 30 days. Compensation payments to the Licensee following agreement at a liaison meeting will be paid to the Licensee within 30 days.

xviii) Dispute resolution

All disputes under this agreement will be determined by Ofwat whose decision will be final.

xix) Notices

Any notice under this agreement will be delivered in writing by the Licensee to the Managing Director of the Company or by the Managing Director to the Licensee's principle point of contact.

xx) Assignment and alienation

Sets out the process for either party to assign or sub-let its rights and obligations under agreement to a third party and the conditions which must be satisfied before consent to such assignment will be granted by the other party.

xxi) Variations

This is a process whereby either party can request changes to the terms of the agreement after completion. All changes must be agreed in writing and signed off by both parties.

xxii) Waiver

The Company and the Licensee may agree to waiver any or all of the conditions in this agreement providing that legal and statutory duties remain unaffected.

xxiii) Entire agreement

The contract sets out the entire agreement between both parties and shall supersede all previous representations, arrangements, understandings and agreements between the parties relating to the agreement.

xxiv) Jurisdiction

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

xxv) Confidentiality

The Licensee would be required to complete a Confidentiality Agreement during the application stage.

xxvi) Third party rights

Outside of the terms of this agreement the customer will retain the right to a continuous domestic supply of water. Other non domestic obligations are contained within the agreement under headings of “back up supplies” and “interim arrangements”.

xxvii) Compensation

Compensation clauses are contained within the individual sections to this agreement.

xxviii) Provision of bonds and guarantees

The requirement for any financial bond or guarantee will be agreed between the Company and the Licensee at the time of application.

9.2 Arbitration and disputes resolution processes

Any dispute which arises between the parties will be resolved in accordance with the contractual agreement in place. It is in the interests of both the Company and the Licensee that any differences or disputes between them should be resolved as quickly as possible.

As a general guide, in the event of a dispute, the following processes would be involved:

- If one party asks to meet the other, in writing, both parties shall meet within 30 working days of the written request being received.
- At the meeting, both parties shall negotiate in good faith, using their respective reasonable endeavours to resolve the dispute.
- If the dispute cannot be resolved by the parties at the meeting, it will be referred, by either party and within 10 working days, to a Senior Manager of the Licensee and a Senior Manager at the Company for resolution.
- Both Managers will meet and negotiate the dispute in good faith and shall use their reasonable respective endeavours to amicably resolve the dispute.
- If the dispute remains unresolved, the dispute can be referred to other relevant bodies, depending on the jurisdiction of the dispute. Examples are:
 - Secretary of State
 - Chief Inspector of the Drinking Water Inspectorate (DWI)
 - Chief Inspector
 - Ofwat
- Ofwat has powers to make determinations in the following areas:
 - Eligibility
 - Terms and conditions of proposed access agreements
 - Conditions for refusing supplies

Further details can be found in Ofwat’s Water Supply Licensing Determinations Procedure:

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

- Any dispute not being able to be determined by the relevant bodies listed above may be referred, by either party, to the Courts or an Independent Expert for determination.
- Where a dispute is referred to an Independent Expert, the parties agree that he shall act as an expert and not an arbitrator. Matters referred to him shall be by reference to Good Industry Practice using his skill, experience and knowledge, having regard to all such other matters as he in his sole discretion considers appropriate. The Independent Expert shall use his best endeavours to give his decision on the dispute as soon as is practicably possible. His decision is final and binding.

10. Section 10: Access Pricing

10.1 Indicative access prices

This section of the Access code sets out indicative access prices based on the “costs principle”, Ofwat’s guidance on Access codes (July 2007) and subsequent amendments to this guidance in September 2009. The costs principle uses the revenue that the Company (SST) already receives from the customer under the current charges scheme as its starting point. This amount is then adjusted for the additional costs arising from the WSL regime (expenses), and for costs not incurred as a consequence of the Licensee either providing retail services and/or providing water to that customer. The framework for the calculation is:

$$\begin{aligned} \text{Access prices} &= \text{retail charges (current revenue)} \\ &+ \text{expenses incurred through the WSL regime} \\ &- \text{ARROW costs} \end{aligned}$$

Where ARROW costs are those costs that can be avoided or reduced, or are recoverable in some other way (other than from the Company’s other non-eligible customers).

In accordance with the Ofwat guidance, the following indicative access prices have been calculated based on the following principles:

- The Company has one water resource zone.
- Indicative prices are shown for two standard volumes of water used by the customer (50MI and 500 MI/year).
- Both wholesale (retail) and combined supply prices are shown.
- Prices are shown for each of the five years from 2009-10 to 2013-14.

The access prices shown below have been updated using Ofwat’s guidance on Access codes, published July 2007 and updated in September 2009.

10.1.1 Indicative Wholesale Prices

The Company sets out its wholesale prices in a separate annually published document on its website. www.south-staffs-water.co.uk

10.1.2 General Information on the Supply Demand Balance

The Company’s combined supply calculations focus on the position with critical period (peak week). This is typically the focus of any Supply Demand Balance (SDB) investment. In the Company’s Water Resources Management Plan 2014, headroom is managed throughout the period and therefore no intervention is required.

10.1.3 Indicative Combined Supply Prices

The Company sets out its indicative combined supply prices in a separate annually published document on its website. www.south-staffs-water.co.uk

10.2 Case specific access prices

Case-specific access prices can only be calculated in response to a full application for access. In calculating case-specific access prices the Company will follow the WIA91 and the Costs Principle from the WIA03, which is the basis of Ofwat's Access code Guidance.

The assumptions outlined in the indicative price calculations above may need to be amended for case-specific enquires. Hence there is likely to be differences between case – specific enquires and the indicative access prices that are presented in this Access code.

10.3 Water Resource Zone Information

No water resource zone intervention is required based on the information contained within the Company's Water Resources Management Plan 2009.

11. Section 11: Glossary of Defined Terms

Access: The wholesale supply of water by a water undertaker to a Licensee for the purpose of making a retail supply of water to the premises of the Licensee's customer; and the introduction of water by the Licensee into a water undertaker's supply system 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 under worst historic drought conditions as constrained by: abstraction license, if applicable; environment; treatment; raw water mains and/or aquifers; pumping plant and/or well/aquifer properties; transfer and/or output main; water quality.

Disinfection: The process of treating water 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 that reduces river flows, reservoir inflows or groundwater levels to unusually low levels.

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

Eligible premises: Premises that satisfy the eligibility requirements in section 17A(3) 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 Strategic 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): The GSS sets minimum standards of services to be met for all domestic customers of the regulated water and sewerage undertakers in England and Wales. It prescribes compensation payments to be made to domestic customers who receive a service below those standards.

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

Headroom: A buffer between supply and demand designated to cater for uncertainties.

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

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

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

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

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

Major Emergency Procedures: The Major Emergency Procedures are invoked 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 the Primary Undertaker.

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

Potable: Water for domestic and food production purposes, which is wholesome at the time of supply. This is defined in section 68 of the 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.

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

SST: acronym for South Staffordshire Water.

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.

Strategic supplies/collective strategic supplies: An introduction or introductions of water is a strategic or collective strategic supply if, without the introduction (s) being made, there is a substantial risk that the Company would be unable to maintain supplies to its own customers and domestic supplies to the Licensee's customers. The 'trigger' for whether a supply can be designated as strategic is contained in sections 66G (10) and 66H (10) of the WIA91.

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

Supply system: Any water mains and other pipes used for the purposes of conveying water from a water undertaker's treatment works to its customer's premises and any water mains

and other pipes used to convey non-domestic water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works. This term is defined in section 17B(5) of the WIA91.

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

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

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

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

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

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

Turbidity: A measure of the optical clarity of water.

UKWIR: UK Water Industry Research Limited.

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

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

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 A: Confidentiality Agreement

This Agreement is made on..... 20..... between

1. South Staffordshire Water Plc (the Company) registered in England Company Number 2648297 whose registered office is situated at Green Lane Walsall West Midlands WS2 7PD; and
2. registered in England Company Numberwhose registered office is situated at.....
.....

Together 'the Parties'.

WHEREAS

1. the Company is a Company engaged in the supply of potable water.
2.Plc is engaged in.....
3. The Parties have agreed to enter into discussions in connection with [the establishment or possible establishment of a business relationship] (' the Project')
4. In the course of discussing and evaluating the Project certain information pertaining to the business of one party ('the Disclosing Party) will be disclosed to the other party ('the Receiving Party). The Parties agree that the mutual exchange of information, which may be confidential in nature, will be subject to the mutual obligations under this Agreement.

IT IS AGREED AS FOLLOWS:

1. In this Agreement "Confidential Information" means any information disclosed by a Disclosing Party whether directly or indirectly to a Receiving Party including, without limitation, any information relating to products, services, suppliers, customers, operations, processes, financial data and performance, forecasts, plans or intentions, know-how, market opportunities and business affairs;
2. Each of the Parties (in their capacity as a Receiving Party) hereby agree and undertake as follows:
 - a) to hold the Confidential Information in confidence and not to disclose or permit it to be made available to any other person, firm or Company (except to either Disclosees), without prior written consent;
 - b) only to use the Confidential Information for the purpose of evaluating the Project between the Parties;
 - c) to ensure that each person to whom disclosure of the Confidential Information is made is fully aware in advance of the obligations under this letter and that each such person gives an undertaking in respect of the Confidential Information, in their terms of this letter;

- d) upon written demand from the Disclosing Party to return the Confidential Information and any copies to the Disclosing Party or to confirm in writing that, save as required by law or regulation, it has been destroyed;
 - e) that no person gives any warranty or makes any representation as to the accuracy or otherwise of the Confidential Information, save as may be subsequently agreed.
3. Nothing in paragraphs 4(a) to (e) of this letter shall apply to any information or Confidential Information:
- a) which at the time of its disclosure is in the public domain;
 - b) which after disclosure comes into the public domain for any reason except failure on the part of any Receiving Party, to comply with the terms of this letter;
 - c) which is disclosed by either Party, its directors, employees or advisers on a non-confidential basis;
 - d) which was lawfully in the possession of the Receiving Party prior to such disclosure;
 - e) which is subsequently received by a Receiving Party from a third party without obligations of confidentiality.
4. Save as required by law or any regulatory body, neither of the Parties shall make any announcement, public statement or press release in relation to the Confidential Information disclosed to it by the other Party or the Project nor shall they mention the name of the other Party in connection with the Project or disclose the existence of the Project without the prior written consent of the other Party.
5. This letter shall be governed by and construed in accordance with English law and the parties irrevocably submit to the non-exclusive jurisdiction of the Courts of England and Wales in respect of any claim, dispute or difference arising out of or in connection with this letter

Please indicate your acceptance of the above by signing and returning the enclosed copy of this letter as soon as possible.

For and on behalf of
South Staffordshire Water Plc

For and on behalf of
.....PLC

APPENDIX B: Company Information

Company Name

Address

Telephone Number

Fax Number

Web Site Address

Company Registration Number

Type of Water supply licence held

Date of Water supply licence issue

Nominated Point of Contact

Contact Name

Address

Telephone Number

Fax Number

E-Mail Address

APPENDIX C: Detailed Application Information

A – GENERAL COMPANY INFORMATION

- Company Name:-

- Address:-

- Company Registration Number:-

B – UNTREATED WATER SOURCES

Each section of this questionnaire needs to be completed for every water source intended to be used in connection with the Access Agreement.

Abstraction Rights (for each source)

- Please indicate the Source Name/reference:-

- As the applicant do you:-

Own Source _____

Lease Source _____

Purchase the water _____

Share the source with another supplier _____

Other (please specify) _____

- Where water is purchased does the application have:-

All of the resource capacity _____

Part of the resource capacity _____

- For the Named Source(s) as the applicant do you have:-

Current/Shared Licence _____

Licence serial no. _____

Section 32(3) Consent _____

No current rights to abstract _____

- Are agreements in place for leased sites or water purchase:-

Yes _____

No _____

- Time limits on licence or agreement relative to proposed term of Access Agreement:-

Exceeds _____

Equal to _____

Less than _____

- Time limit on rights to water supply terminates:-

____ / ____ / ____

- Licensed Quantity:-

Daily _____MI

Quarterly _____MI

Annual _____MI

Peak Flow _____MI/d

- Actual Quantity to be Abstracted:-

Daily _____MI

Quarterly _____MI

Annual _____MI

Peak Flow _____MI/d

- Indicate any restrictions on abstraction quantities resulting from other sources linked on the licence:-

- Indicate any Prescribed Flow Conditions that apply to the specified source:-

- Indicate any prescribed groundwater level conditions that apply:-

Trigger Water Level _____ m AOD

Restricted Output _____ Ml/d

Raw Water Source(s) – general

Please indicate the source type:-

- Impounded Reservoir:-

Natural fill _____

Pumped fill _____

(Raw water source for pumped fill)

- River intake from River _____

- With bank side storage:-

Yes _____

No _____

- If bank side storage is provided, how many days support does this give:

_____ days (now or with new demand)

- Groundwater:-

Pumped _____

Gravity _____

- Regulatory Cryptosporidium risk Assessment available:-

Yes _____

No _____

- Total deployable output of source(s):-

_____ MI/d average

_____ MI/d peak

- Deployable output available to applicant:-

_____ MI/d average

_____ MI/d peak

- Drought deployable output available to applicant:-

_____ MI/d

- In a drought situation does the applicants rights take precedence:-

Yes _____

No _____

Pro-rata reduction _____

Impounded Reservoirs – Natural and Pumped Fill

- Reservoir Name/Reference:-

- Grid Reference:-

- Please indicate the source of the water used to fill the reservoir:-

- Is this an existing supply to the Company?-

Treatment Works _____

Treated Water Distribution Network _____

- Gross Storage:- _____ MI
- Usable Storage:- _____ MI (% of Gross _____)
- Have control rule curves been provided?-

Yes _____

No _____

- Maximum daily abstraction below limiting control rule curve:-

_____ MI/d

- Maximum daily abstraction above limiting control rule curve:-

_____MI/d

- Maximum daily output in design drought:-

_____MI/d

- For partial rights to source, applicant's drought deployable output:-

_____MI/d

- Has the resource performance been simulated using historic data?

Yes _____

No _____

- For natural fill reservoirs, simulated inflow record provided for _____yrs simulation period from _____ to _____
- For pumped fill reservoirs indicate the target date for complete winter refill _____
- For pumped fill reservoirs, simulated record for pump fill source provided for _____yrs simulation period from _____ to _____.
- What year(s) gave the most critical conditions _____, _____, _____, and _____
- What was the minimum output in the critical periods _____, _____, _____, and _____MI/d.

River Intakes

- From which river is the raw water derived?

- Intake Location Name:-

- Grid Reference:-

- Is this an existing supply to the Company?

Treatment Works _____

Treated Water Distribution Network _____

- Raw water pump capacity _____ MI/d
- Treatment works capacity _____ MI/d
- Final water pump capacity _____ MI/d
- Minimum river flow _____ MI/d (Year recorded _____)
- Drought restricted abstraction _____ MI/d
- For partial rights to source, applicants drought deployment output _____ MI/d
- Long term flow simulation provided for _____ yrs period.
- Copy of River Management Rules provided

- Is bankside storage available?

Yes _____

No _____

- Total volume of bankside storage _____ MI/d
- Usable volume of bankside storage _____ MI/d (% of total _____)
- Duration of bankside storage at average output _____ Days.
- Duration of bankside storage at maximum output _____ Days.
- Are alternative sources available?

Raw water from river: _____

Treated water from: _____

Groundwater _____

- If the alternative source is derived from groundwater, please indicate the source capacity _____ MI/d for _____ days.
- If the alternative source is derived from groundwater please indicate whether the input is:-

As raw to treatment works _____

As treated water to distribution _____

Pumped Groundwater (for each site)

- Site Name:-

- Grid Reference

- Aquifer Name:-

- Aquifer Type:-

Unconfined _____

Confined _____

Leaky _____

Layered _____

- Indicate the following:-

Number of Wells _____

Number of Boreholes _____

Number of Pumps _____

- Is this an existing supply to the Company?

Treatment works _____

Treated Water Distribution Network _____

- Please indicate the relevant EA Groundwater Management Unit(s):-

- Have the individual borehole/well performances been proved by test pumping?

Yes _____

No _____

- Is the source performance assessed in line with UKWIR methodology?

Yes _____

No _____

- Are source performance diagrams provided?

Yes _____

No _____

- Potential and Deployable Output of Source?

	Potential Yield MI/d	Deployable Output MI/d
Peak Week		
Peak Season		

- Please give an EA sustainability indication for groundwater unit:-

Unsustainable _____

At sustainable limit _____

Sustainable _____

- Is the source drought output defined?

Yes _____

No _____

- For partial rights to source, please state the applicant's drought deployable output in MI/d:- _____

Gravity Groundwater

- Aquifer Name:-

- For the site indicate the following:-

Mine Adit _____

Flowing Artesian Well/Borehole _____

Spring _____

- EA Groundwater Management Unit: _____

- Source Drought Output:-

_____ MI/d based on 19 ____ drought assessed on _____ yrs record.

- Applications Drought Entitlement:-

_____ MI/d based on 19 ____ drought assessed on _____ yrs record.

- Is a source performance diagram provided?

Yes _____

No _____

C - TREATMENT SERVICES AND WATER QUALITY ISSUES

Treatment Processes

- Are process diagrams provided?

Yes _____

No _____

- Is the water quality “fit for purpose”?

Yes _____

No _____

(Fitness for purpose will require appropriate evidence of compliance with regulatory requirements).

- For raw water inputs directly to an the Company treatment works, is any pre-treatment proposed?

Yes _____

No _____

- If Yes, please give details:-

River Intake Protection

- Bubble barrier _____
- Floating boom _____
- Intake Monitor _____
- Up stream monitor _____
- River covered by POLWARN _____
- Manual water quality checks _____
- Emergency procedures detailed _____
- Appropriate _____

Water Treatment

- Please indicate the status of the treatment available for each source of ground and surface water:-

	Treatment in place	Treatment Proposed	Treatment not necessary
Micro screen			
Coagulation (please specify type and process)			
Sand Filtration			
Activated Carbon Filtration			
Power Activated Carbon			
Marginal Chlorination			
Super and De Chlorination			
Super, De and Re Chlorination			
UV			
Fe/Mn Removal			
Nitrate Removal			
Membrane Filtration (describe process)			
Phosphate dosing			
Fluoridation			
Pesticide removal			
Ozonation			
Other (Describe)			

Water Quality Issues

- Please indicate the level of monitoring available at different stages of the treatment process:-

	On-line	Fail-safe
pH		
Residual coagulant		
Conductivity		
Pesticides		
Nitrate Level		
Chlorine Residual		
Fluoride		
Phosphate		
Turbidity		
Cryptosporidium (DWI)		
Other		

- Cryptosporidium Risk Assessment Provided?

Yes _____

No _____

- Cryptosporidium Risk Assessment Approved by DWI?

Yes _____

No _____

- Please indicate the level of control available at source:-

	Yes	No
Fixed Speed Pumps		
Variable Speed Pumps		

Electricity Tariff Management		
Clock Control		
Trend Control		

- Will there be any material change in water quality from the source to the point of entry, in particular please specify the minimum and maximum expected times of travel from the source to the point of entry?

- Will there be any material change in water quality from the point of entry to the point of exit, affecting customers' health, standards of service, continuity of supply or the security of supply?

- What methods and equipment do you intend to use for water quality sampling, monitoring, testing and reporting? Please note that we will need details of the monitoring and sampling programme you intend to employ:-

Water Quality Monitoring Data

The tables below request information of a general nature. However, it may be that there are seasonal specific issues and trends, which are not covered within the data. Please advise separately if this is the case. Please provide data for every borehole, raw water source and treated water source to be used.

Chemical Parameters

Parameter	Unit	Max	Min	Mean	No. of samples	Sampling frequency	Start/end dates of data provided
Aluminium	Al mg/l						
Iron	Fe mg/l						
Manganese	Mn mg/l						
Copper	Cu mg/l						
Zinc	Zn mg/l						
Phosphorous	P mg/l						
Fluoride	F mg/l						
Silver	Ag mg/l						
Arsenic	As mg/l						
Cadmium	Cd mg/l						
Cyanide	CN mg/l						
Chromium	Cr mg/l						
Mercury	Hg mg/l						
Nickel	Ni mg/l						
Lead	Pb mg/l						
Antimony	Sb mg/l						
Selenium	Se mg/l						
Boron	B mg/l						
Barium	Ba mg/l						
Benzene	µg/l						
Bromate	µg BrO ₃ /l						
1,2 Dichloroethane	µg/l						
Radioactivity-Tritium	Bq/l						
Radioactivity-Total indicative dose (excl. Tritium, Potassium 40, Radon and Radon decay).	MSv/year						

Pesticides

Evidence of risk assessment of pesticide usage in catchment will be required to ensure appropriate pesticides are being monitored.

Parameter	Unit	Max	Min	Mean	No. of samples	Sampling frequency	Start/end dates of data provided
Total Pesticides	µg/l						
Aldrin	µg/l						
Atrazine	µg/l						
Bromoxynil	µg/l						
Carbendazim	µg/l						
Carbetamide	µg/l						
Carbophenothion	µg/l						
Chloridazon	µg/l						
Chlorotoluron	µg/l						
Clopyralid	µg/l						
2,4-D	µg/l						
DDT (total isomers)	µg/l						
Dicamba	µg/l						
Dichlorprop	µg/l						
Difenzoquat	µg/l						
Dimethoate	µg/l						
EPTC	µg/l						
Gamma HCH	µg/l						
Glyphosate	µg/l						
Heptachlor	µg/l						
Hexachlorobenzene	µg/l						
Ioxynil	µg/l						
Isoproturon	µg/l						
Linuron	µg/l						
Melathion	µg/l						
MCPA	µg/l						
MCPB	µg/l						
Mecoprop	µg/l						
Metamitron	µg/l						
Metham-sodium	µg/l						
Methoxychlor	µg/l						
Paraquat	µg/l						
Prometryne	µg/l						
Propazine	µg/l						
Propyzamide	µg/l						

Simazine	µg/l						
Sodium chlorate	µg/l						
Sulphuric acid	µg/l						
TCA	µg/l						
Triadimefon	µg/l						
Triallate	µg/l						
Others (please specify each compound)	µg/l						

General Properties

Parameter	Unit	Max	Min	Mean	No. of samples	Sampling frequency	Start /end dates of date provided
Turbidity	FTU						
Odour	Dil. No						
Taste	Dil. No						
Temp.	°C						
Hydrogen ion	PH						
Conductivity	Ms/cm						
Chloride	Cl mg/l						
Colour	Ca mg/l						
Total Hardness	Ca mg/l						
Alkalinity	HCO ₃ mg/l						
Sulphate	SO ₄ mg/l						
Magnesium	Mg mg/l						
Sodium	Na mg/l						
Potassium	K mg/l						
Dry Residues	mg/l						
Nitrate	NO ₃ mg/l						
Nitrite	NO ₂ mg/l						
Ammonia	NH ₄ mg/l						
Kjedahl Nitrogen	N mg/l						
Oxidisability	O ₂ mg/l						
Dissolved or emulsified hydrocarbons	mg/l						
Phenols	C ₆ H ₅ OH mg/l						
Surfactants	mg/l						

Trihalomethanes

Parameter	Unit	Max	Min	Mean	No. of samples	Sampling frequency	Start /end dates of data provided
THM	mg/l						
PAH	mg/l						
Benzo 3,4 pyrene	mg/l						
Tetrachloromethane	mg/l						
Trichloroethene	mg/l						
Tetrachloroethene	mg/l						
Subs. Ext. in chloroform	mg/l						

Microbiological parameters

Parameter	Unit	Max	Min	Mean	No. of samples	Sampling frequency	Start /end dates of data provided
Total Coliforms	Number / 100 ml						
Faecal Coliforms	Number / 100 ml						
Faecal Strep.	Number / 100 ml						
S-R Clostridia	Number / 20 ml						
Cryptosporidium(regulatory)	Number of oocysts / 10l						
Colony counts	Number / 1ml at 22°C and 37°C						

D - TREATED WATER DISTRIBUTION SERVICES

Entry Point Details

Please provide details of the proposed entry point(s) to the the Company Network.

- Grid Ref:-

- Postal Location:-

- Please indicate the proposed flow profile at the point of entry as follows:-
Diurnal Variation (m³/hr)

Hour	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Flow	

- Daily

Average _____ Ml

Peak _____ Mld

Minimum _____ Mld

- Weekly

Average _____ Mld

Peak _____ Mld

Minimum _____ Mld

- Annual

Average _____ Mld

Peak _____ Mld

Minimum _____ Mld

- If it is intended to phase the proposed input to the Network, please provide details including quantities at start and finish and periods proposed:-

- Please indicate proposed provision of telemetry signals at the entry point:-

	Yes	No
Flow		
Pressure		
Quality		

- If telemetry is proposed for quality, please provide details of parameters to be monitored. If you do not intend to provide telemetry the Company will re-charge you for this service as an essential requirement of the common carriage arrangement. Please also advise us of the extent of the alarm provision at the source of supply:-

- Please indicate the maximum and minimum pressure at the point of entry:-

Max _____ m.head

Min _____ m.head

Exit Point Details

- Please provide details of the proposed exit point(s) from the the Company Water Network:-
- Grid Ref:-

- Postal Location:-

- Please provide details of the demand pattern at the point of exist as follows:-
Diurnal Variation (m³/hr)

Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Flow																								

- Daily

Average _____MI

Peak _____Mld

Minimum _____Mld

- Weekly

Average _____Mld

Peak _____Mld

Minimum _____Mld

- Annual

Average _____Mld

Peak _____Mld

Minimum _____Mld

(For multiple exit points, please attach information as above for each exit point).

- Please indicate proposed provision of telemetry signals at the exit point:-

	Yes	No
Flow		
Pressure		
Quality		

- If telemetry is proposed for quality, please provide details of parameters to be monitored. Please also advise of the extent of the alarm provision which covers the point of exit from the network:-

E - CUSTOMER MANAGEMENT

Customer Handling

- What procedures are in place for transfer of existing the Company customers to new entrants customer base?

- What procedures are in place for handling complaints and queries from the entrant's customers?

- What procedures are in place for dealing with vulnerable, special needs or priority customers?

- What procedures are in place for dealing with emergencies outside normal working hours?

F - SAFETY AND EMERGENCY PROCEDURES

Maintenance Situations

- Do you have a procedure for minimising the impact of outages?

Yes _____

No _____

- What procedures are in place to handle advance warning of maintenance work given by the Company and by you?

Emergency Situations

- Has a copy of your emergency procedures been provided?

Yes _____

No _____

- What contingency planning has been conducted with respect to your asset failure?

- What procedures are in place for issuing advice given by the Company and by you to your customers during an emergency?

APPENDIX D: Wholesale Application Proforma

Wholesale supplies where
[] is Primary Undertaker

Application questionnaire – for customers already connected to
[]'s network

By submitting this application in electronic or paper form, the Licensee confirms that the information contained herein is to the best of their knowledge true and accurate.

Date of application:

1. General Information

Licensee name:	
Licensee Company registration number:	
Licensee Reference No. (to be issued by PWU)	
Licensee confirms that the premises are eligible and complies with the Ofwat Eligibility Guidance November 2005.	Yes/ No
When do you propose that the wholesale supply begins? Day/Month/Year	
What is the expected duration? Years	Years

2. Customer Details (confidential to Competition transfers exclusively)

Customer

Name(s) of customer(s):	
Unique Premises Reference (if known)	
Existing PWU Account Number(s)	
Address of premises to be supplied - include post code:	

Meters

Meter Details	Meter number as recorded on customer bills	Serial No.	Location Description	Meter Type [Note if Combined (C) or Bypass (B) meter]
1				
2				
3				
4				
5				
6				
7				
8				
9				

Demand

Demand requirements: -	2005-06	2006-07	2007-08	2008-09	2009-10
Annual consumption: m ³					
Any other information agreed between Licensee and undertaker					

Customer Specifics – compulsory

Special Needs on site	
-----------------------	--

Customer Specifics – as agreed

Storage Facilities	
Interruptible supply	
Summer /Winter variations required	
Additional Services from PWU required and not specified in WMA	
Other	

Water Undertaker Offer [Unique Premise Reference. The current PWU account no]

Undertaker Name:	
Unique Premises Reference	

Discount

Table to follow Table 6.7.1 in Guidance document

Arrow cost and expenses analysis

As prescribed in The Ofwat Access code Guidance (Tables A2.1 and A2.2)

Ref	Retail Activity: -	2005-06	2006-07	2007-08	2008-09	2009-10

Additional Information and Offers