

SOUTH WEST WATER LIMITED



Water Supply Licensing

**Access Code
Version 15.0
Published 12.10.2018**

SOUTH WEST WATER LIMITED

ACCESS CODE

VERSION 15.0

Introduction

This document forms the Access Code for South West Water (SWW) under the Water Supply Licensing (WSL) arrangements established under the Water Act 2003.

This legislation sets out how licensed entrants to the industry can use SWW's public water supply system to supply water to a customer's eligible premises, through a supply of water introduced by the licensee into the SWW supply system.

The Water Act 2014 introduced changes to the WSL regime and this access code has been periodically updated to reflect the commencement of various clauses; however the document had remained in the structure of previous access codes. On 1 April 2017 non-household retail markets opened, creating a step change in a number of areas, including the licensing regime; statutory undertakers' Instruments of Appointments; the removal of the need for 'wholesale' contracts to provide retail services (now replaced with new market arrangements), and changes in terminology.

The obligation on SWW to produce an access code remains embedded within the modified Condition S of its Instrument of Appointment, and relates to the wholesale water supply market where new water supply licensees with wholesale or supplementary authorisations introduce water to supply their own business customers. These arrangements were previously known as combined supplies.

SWW has used best endeavours to update this document to reflect these changes, but cannot guarantee that all references have been updated, or that the reference documents quoted remain wholly applicable. SWW expects this document to continue to remain transitional pending the introduction of new water resources trading arrangements in 2020.

Nothing in this access code constitutes an offer capable of acceptance. Any charges or prices quoted in this document are for indicative purposes only.

It should also be noted that access involving shared use of essential facilities consistent with the requirements of the Competition Act 1998 (CA98) where this is not covered by the WA03 access arrangements has a separate existing SWW network access code.

Area of supply

With effect from 1 April 2016 South West Water's Appointment as a Water Undertaker was modified to extend its area of appointment as statutory undertaker to cover the area of appointment previously held by Bournemouth Water (BW) Limited.

This document is referenced to South West Water as the statutory undertaker for both regions. Charges for SWW and BW are shown separately but any reference to Bournemouth Water or BW shall be deemed to be references to South West Water Limited.

Appendix D provides maps of the relevant areas of supply.

Index

PART 1 – Overview	Page 4
PART 2 – Operational code and common contract for wholesale supply*	Page 12
PART 3 – Application for combined supply	Page 13
PART 4 – Customer transfer protocol	Page 32
PART 5 – Combined supply - control and balancing of supply system	Page 33
PART 6 – Combined supply Maintenance and emergency procedures	Page 42
PART 7 – Combined supply customer contact	Page 52
PART 8 – Combined supply system connections	Page 55
PART 9 – Combined supply Legal contract and dispute resolution	Page 56
PART 10 – Access pricing	Page 62
APPENDIX A – Draft confidentiality agreement	Page 67
APPENDIX B – WSSL with authorisation supply proforma application forms	Page 81
APPENDIX C – Glossary of terms	Page 101
APPENDIX D – Areas of supply	Page 107
APPENDIX E – Indicative prices for South West Water	Page 109
APPENDIX F – Indicative prices for Bournemouth Water	Page 115

* For reference only - this section has been removed following non-household retail market opening on 1 April 2017

PART 1 – Overview

1.1 Role of the access code

The access code aims to reflect the requirements of the Water Industry Act 1991 (WIA91) as amended by the Water Act 2003 (WA03), the Water Act 2014 (WA14), and the subsequent guidance issued by Ofwat concerning the implementation of the framework. As the water undertaker for the region that SWW serves, SWW is required by the legislation to publish and maintain an access code that conforms to Ofwat's guidance. For each actual case of water supply licensing an access agreement between SWW and the licensee will need to be agreed. This access code sets out the standard terms that the access agreement will contain. Additional terms in the access agreement may be required to deal with the particular circumstances and requirements of each licensee entry. Licensees can ask Ofwat to rule on any terms in the access agreement where these cannot be resolved between the licensee and SWW.

This document will be updated for the Water Act 2014 once the relevant clauses have been enacted and statutory guidance published.

1.2 Relevant framework documents

1.2.1 Legislation and guidance

Below we suggest links to some of the key documents concerning the WSSL regime that have guided the development of this access code. SWW do not accept any responsibility for the content of the links to external websites.

i) Primary and secondary legislation

Water Industry Act 1991

<http://www.legislation.gov.uk/ukpga/1991/56/contents>

Water Act 2014

<http://www.legislation.gov.uk/ukpga/2014/21/contents>

Water Supply (Exceptions from Supply System Prohibitions) Regulations 2005

<http://www.legislation.gov.uk/uksi/2005/3075/contents/made>

Water Supply Licence (New Customer Exception) Regulations 2005

<http://www.legislation.gov.uk/uksi/2005/3076/contents/made>

Water Supply Licence (Application) Regulations 2005

<http://www.legislation.gov.uk/uksi/2005/1638/contents/made>

Water Supply (Water Fittings) Regulations 1999

<http://www.legislation.gov.uk/uksi/1999/1506/contents/made>

Competition Act 1998

<http://www.legislation.gov.uk/ukpga/1998/41/contents>

Enterprise Act 2012

<http://www.legislation.gov.uk/ukpga/2013/24/contents>

ii) Statutory and non-statutory guidance

Guidance on Access Codes

http://webarchive.nationalarchives.gov.uk/20150624091829/https://www.ofwat.gov.uk/competition/wsl/gud_pro_accesscodes.pdf

Guidance on Applying for a Water Supply Licence

http://webarchive.nationalarchives.gov.uk/20150624091829/https://www.ofwat.gov.uk/competition/wsl/gud_pro_wslappguid.pdf

Guidance on Eligibility

<http://www.ofwat.gov.uk/publication/eligibility-guidance-whether-non-household-customers-england-wales-eligible-switch-retailer/>

Customer Transfer Protocol

<http://www.ofwat.gov.uk/regulated-companies/company-obligations/becoming-a-water-supply-licensee/customer-transfer/>

Guidance on Strategic Supplies

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

Guidance on Secondary Supplies

http://www.ofwat.gov.uk/wp-content/uploads/2015/11/gud_pro_stratsuppguid.pdf

Water Supply Licensing Determinations Procedure

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

Guidance on Compliance Codes

http://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap_pos_compcodes290708.pdf

Office of Fair Trading Competition Act 1998 Application in the water and sewerage sectors

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/502668/Ofwat_MoU.pdf

iii) Conditions of Appointment

South West Water Instruments of Appointment (Consolidated Licence)

http://www.ofwat.gov.uk/wp-content/uploads/2015/10/lic_lic_swt.pdf¹

iv) Other relevant documents

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

http://www.dwi.gov.uk/stakeholders/information-letters/2004/13_2004.pdf

DWI Guidance on the Water supply (Water Quality) Regulations 2000 (England) incorporating the Water supply (Water Quality) (Amendment) Regulations 2007

http://www.dwi.gov.uk/stakeholders/information-letters/2008/10_2008.pdf

¹ Ofwat's website has not yet been updated to reflect the merger of the South West Water and Bournemouth Water Instruments of Appointment with effect from 1 April 2016

DWI Guidance on the Notification of Events
<http://www.dwi.gov.uk/stakeholders/guidance-and-codes-of-practice/notification%20of%20events.pdf>

DWI Water Undertakers (Suppliers' Information) Direction 2012
<http://www.dwi.gov.uk/stakeholders/guidance-and-codes-of-practice/info-directive.pdf>

1.2.2 Indicative prices

Indicative prices, calculated using a standard set of assumptions for entry, can be found in the section 10 of this access code.

1.3 Role of key industry players

1.3.1 South West Water

SWW is the appointed water undertaker covering the whole of Devon and Cornwall and parts of Dorset, Hampshire and Somerset. It is responsible for the public water supply network in this area, for allowing licensees access to the network, calculating access prices and publishing this network code. SWW is also appointed to provide sewerage and trade effluent services, not covered by Water Supply Licensing. Chapter 2A WIA91 places duties and obligations on water undertakers subject to certain conditions. SWW is obliged to provide the following services subject to the conditions detailed below:

1.3.1.1 Primary undertaker

1.3.1.1.1 Introduction of water into water undertaker's supply system

Where a licensee requests SWW's permission to introduce water into its supply system, under section 66B WIA91, and in line with the requirements of the wholesale authorisation aspects of the licence, SWW 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 licensee requests SWW 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 SWW's area, SWW has a duty to take steps to enable the licensee to make the introduction of the water into its system. This is in accordance with section 66C WIA91. These steps may include connecting SWW supply system to the neighbouring secondary undertaker's supply system. Having taken such steps, SWW 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 SWW carries out these duties are agreed with the licensee in accordance with Ofwat's access code guidance and the costs principle.

1.3.1.2 Secondary undertaker

Where a licensee with a wholesale authorisation requests SWW 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 wholesale authorisation, SWW 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 SWW 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 access pricing guidance. The introduction by a licensee into SWW's water supply system, of a supply obtained from a secondary undertaker involves two transactions, governed by separate agreements:

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

Where appropriate, the licensee, primary water undertaker and secondary undertaker may agree trilaterally the terms and conditions of access. Licensees shall identify and communicate at the earliest stages if a secondary undertaker is likely to be included within an application. This will enable potential secondary undertakers to consult at the earliest opportunity with relevant parties including the primary undertaker, 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 SWW is identified as a secondary undertaker within an access application, SWW expects to be involved as necessary in discussions with the licensee and the primary undertaker. SWW 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.

1.3.1.3 Conditions under which duties do not apply

Section 66A WIA91 documents the circumstances under which the wholesale water supply duty by a primary undertaker does not apply. The duty to provide a supply of water to a licensee, or to take steps to enable it to provide such a supply do not apply if both the first and second conditions below are satisfied, or if the third condition below is satisfied.

The first condition is that:

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

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

- require SWW 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 SWW's ability to meet any of those existing or probable obligations.

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

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

Under sections 66B and 66C WIA91, a primary undertaker has no duty to permit the introduction of water by a licensee into its supply system, and under section 66C WIA91 a secondary undertaker has no obligation to provide a wholesale supply of water, if either the first or second condition below is satisfied:

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

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

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

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

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

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

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

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

1.3.3 Ofwat

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

The Water Industry Act 1991 introduced 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 has a legal duty to monitor licensed suppliers’ compliance with their legal duties and licence conditions. Ofwat is responsible for granting water supply licences. In doing so, Ofwat will assess whether the applicant has the appropriate skills and competencies required.

Ofwat also has powers to determine disputes about the eligibility of premises, the terms and conditions of proposed access agreements and the conditions for refusing supplies. Further information is available on Ofwat’s website under Water Supply and/or Sewage Licences:

www.ofwat.gov.uk

<http://www.ofwat.gov.uk/regulated-companies/ofwat-industry-overview/licences/#wssl>

1.3.4 Drinking Water Inspectorate (DWI)

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

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

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

1.3.5 Environment Agency (EA)

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

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

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

There is a duty on licensees to provide information to water undertakers for both Drought Plans and Water Resources Management Plans. In most cases, licence applicants will require a water abstraction licence from the Environment Agency to take water from surface water or groundwater. Every new proposal to abstract or impound water undergoes extensive scrutiny and investigation before a decision is made to grant or refuse an abstraction licence application. There is a need to ensure that water resources are safeguarded and that abstractions do not damage the environment.

Secondary supplies (under section 66C of the Water Industry Act 1991) are meant to encourage use of 'spare water', but the undertaker and the licensee may not be able to agree on how much water the undertaker has 'spare'. In the absence of agreement, Ofwat may be asked to determine whether a supply under 66C should be made, and if so the terms of that supply. In these instances, the Environment Agency will also play a role in advising Ofwat on whether the criteria for rejecting a proposal for a secondary supply under sections 66C(5) or (6) of the Water Industry Act 1991 are satisfied. Ofwat will then make a determination.

Further information is available on the Environment Agency's website.

<http://www.environment-agency.gov.uk/subjects/waterres/?lang=e>

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

DEFRA is the government department responsible for WSL legislation. The Secretary of State has issued statutory instruments which govern the competition regime. The Secretary of State may issue further instruments in the future which may affect the regime. Where this is the case, SWW should revise this access code to reflect relevant changes. Further information is available on DEFRA's website:

<https://www.gov.uk/government/publications/water-supply-and-sewerage-licencing-regime-standard-licence-conditions>

1.3.7 Consumer Council for Water

The Consumer Council for Water (CCWater) is an independent body that represents water consumers' interests.

1.4 Definition of services

SWW 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, common contract (for wholesale supplies) and the costs principle. These services are defined in terms of SWW being either the primary undertaker (section 66A and 66B of the WIA91) or a secondary undertaker (section 66C of the WIA91).

1.4.1 Primary undertaker

1.4.1.1 Wholesale water supply

SWW 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.

1.4.1.2 Introduction of water into the supply system

SWW 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.

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

1.4.2 Secondary water undertaker

SWW 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.

SWW 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.

**PART 2 – THIS SECTION HAS BEEN REMOVED FOLLOWING MARKET OPENING ON
APRIL 1 2017**

PART 3 – Application

3.1 Application process requirements

3.1.1 Confidentiality agreements

At the start of the first application for Water Supply Licensing by a licensee a confidentiality agreement must be put in place between SWW and the licensee. A draft of our standard confidentiality agreement is shown in Appendix A. Licensees should also note that confidentiality in WSSL arrangements is a standard condition of appointment for undertakers and is a standard licence condition for licensees.

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

<http://www.ofwat.gov.uk/aboutofwat/foi/>

3.1.2 Information requirements

This section sets out the detail of the information required at each stage of the application, along with the guideline maximum amount of time that each stage may take. These timescales require SWW to have received all the information required from the licensee at the start of each stage of the process unless otherwise agreed during the application process.

3.1.3 Initial contact

Initial contact with SWW and any questions concerning Water Supply Licensing and SWW should be made with:

Matthew Woolcock
Risk and Compliance Manager
Peninsula House
Rydon Lane
Exeter
EX2 7HR
riskandcompliance@southwestwater.co.uk
(01392) 443666

SWW will provide advice on access and documentation for free at this stage of the process. A hard copy of the access code is available free of charge on request to the above contact.

Before making contact, applicants should familiarise themselves with the laws and guidance to the WSSL regime, this network access code and the SWW indicative prices published on our website www.southwestwater.co.uk or available from the contact above.

The following information is suggested at this stage of the process:

- Contact details for the Licensee.
- Type of licence held (if currently a licensee).
- Broad indication of the nature of the access sought.
- Any specific requirements for incorporation in the confidentiality agreement.

- Any requirements for information from SWW that the licensee requires in order to progress its application.

SWW will confirm receipt of the contact within 2 working days and will confirm to the licensee the information requirements set out in this access code.

If the licensee requires a meeting to discuss its application, this will be arranged within 10 working days of the request.

A signed confidentiality agreement is required before the initial application process can begin. If a confidentiality agreement is already in place between the licensee and SWW then the licensee can choose to begin the application process with the more formal initial application stage.

Initial information

Initial information that SWW suggests that the licensee may provide is as follows:

- Signed consent forms from the customer(s), showing that the named customers have expressed an interest to switch supplier. The consent forms should waive any restrictions on disclosure of information held by SWW which it is necessary to reveal to the licensee for the purposes of the proposed new supply arrangements. The consent forms should be signed, or verified by the customer as being in force, no more than 2 months prior to the application being submitted.
- Information on the location of the eligible premises of the customer, the volume of use required on this site and the initial description of any water to be input by the licensee under combined supply.
- Information on the nature of water use at the customer premises, in particular the degree to which the water supplied would be use of a domestic nature.
- An outline proposal of what the licensee will require from SWW in order for the licensee to provide the level of service required to the customer.
- A list of the information that the licensee requires from SWW in order to progress the application to the detailed application stage.
- Details of any requirements for a connection between a licensee's source of water and the SWW network.
- Any other information requirements that have been identified at the initial contact stage.
- Details of any information that the licensee requires from SWW in order for its application to proceed.

Where information is not available from the licensee at the initial application stage this should not generally delay the completion of the initial application process. Early provision of the more detailed information listed above may help to speed up the detailed application stage.

A copy of the licensee's application for a licence to Ofwat is one source of the necessary information that may mean that the licensee does not have to repeat this information on application to SWW.

This will allow SWW to assess the initial application, to provide an initial estimate of case specific costs, to provide an estimate of the application processing timescales and to highlight any initial difficulties with the application. Licensees should inform secondary undertakers and sewerage undertakers of their application at this stage if applicable.

SWW and the licensee will need to discuss the following at this stage of the process

- Water Quality and Pressure issues
- Drought Planning requirements
- Risk of supply restrictions
- Exchange of Operational Information

SWW will then provide feedback on the initial application and set out further information that is required at this stage or can be left for the detailed application stage. SWW will also estimate the costs that it will incur in dealing with the detailed application should the licensee wish to proceed to this stage. SWW will as far as possible confirm or deny the basic feasibility of the licensee's proposal, or specify reasons why it is unable to do so at this stage.

Once a detailed application has been received by SWW, SWW will copy the DWI with the initial application so it can raise further information that it may require in the detailed application. This helps to ensure that the required feasibility studies and testing are sufficient to identify the water quality issues.

Appendix B contains a standard pro forma from SWW for application information which licensees may choose to use.

SWW will provide feedback on an application within 20 working days of all the information requested being received. The feedback will normally include preliminary price and non-price terms proposed by the water undertaker. These will not be binding or constitute an offer capable of acceptance. They are merely to provide enough information to enable licensees to formulate indicative proposals to supply prospective customers.

Another meeting would normally be required at this stage to clarify any issues arising from this feedback, to discuss what access terms are likely to be required on the terms set out in this access code and to clarify what information both parties will require to make a specific application.

If the licensee identifies that there are a series of supply applications that all will contain similar access features and only vary with customer specific terms such as contract start date, then the first application can be converted into a master agreement, with the detailed application in each case creating a schedule for access to be attached to this master agreement. Before this is possible both parties would need to agree that the features of the access are similar enough for this approach to be appropriate.

Combined Supply feasibility study and testing

The details of the application should allow SWW to carry out any feasibility studies and testing required to determine the proposed terms for access. The DWI may be interested in the assessment of the details of the application if they have identified any water quality issues from the feasibility studies.

The following information is likely to be required, depending on the scope of the feasibility studies and the initial application stage.

- Location of customer premises, meters, fire hydrants and connection points.
- Demand estimates.
- Demand forecasts for the duration of the proposed contract.
- Location of the points of water mains entry and exit and hydraulic details

- Supply and demand data including average and peak deployable outputs of the licensee's source, supply pattern and variations in demand, details of any supply or demand management contingency arrangements for drought periods and any comments on network flow and pressure balancing issues raised by SWW on the application.
- Details of the water resource including type, reliability, back up mechanisms, risk assessment by the licensee of the proposed source, risk assessment of pollution incidents and vandalism and a copy of the abstraction license and any associated conditions.
- Water quality assessments including the variability of the source entering the system, history of contamination, details of chlorination process, plumbosolvency control and fluoridation, details of the cryptosporidium testing process, type of treatment and process safeguards to be used, the water quality requirements of the customer and monitoring and compliance proposals. This will need to be over a sufficiently long period of time to enable us to establish trends in water quality accurately in a feasibility study.
- Outage risk assessment and criteria, including assessment of exposure to pollution incidents, vandalism and other risks.
- Abstraction environmental impact and supply demand balance information consistent with Environment Agency guidelines.
- Details of the abstraction licence conditions, including flow recording requirements and restrictions during low flow periods.
- Details of bankside storage of river abstractions.
- Details of treated water storage proposals to assist with network balancing.
- Risk assessment of water resource reliability and yield.
- Details of the proposals for informing customers, relevant bodies and SWW of emergency situations.
- Methods of how the introduction of water can be stopped during an emergency situation, including SWW access to enable this to happen.
- Proposals for ensuring the security of supply.
- Procedures concerning failure of plant and equipment and operational failures.
- Details of Product & Liability Insurance.
- Procedures for dealing with hydraulic and pressure incidents.
- Details of fire hydrants and procedures for water for fire fighting purposes.
- Procedures for avoiding and dealing with contamination and pollution incidents.
- Licensee proposals for procedures covering unplanned and planned interruptions of supply.
- Laboratory and operational quality assurance awards and procedures together with risk assessment procedures.

Once the feasibility study has been completed, SWW will complete an assessment of an application for combined supply within 50 working days of receiving the required information from the licensee. SWW will need to share the results of the feasibility study with the DWI, EA and possibly area health authorities and achieving this timescale will require prompt responses from these organisations. This includes drafting a revised Water Resource Plan which is consistent with the intended access, having this reviewed by the Reporter and submitting it to the EA and Ofwat.

The following information will be confirmed at the end of the feasibility study and will be included in the subsequent access agreement. Any subsequent requirements from licensees to change these parameters may require the feasibility study to be re-done, at least in part.

- Total volume to be supplied (annually, monthly).

- Allowable variations in maximum/minimum flow rate (daily, hourly).
- Proposals on how leakage is determined and network balancing.
- Proposals on balancing supply demand and methods for SWW to control inputs into the system (pull from the licensee's source).
- Maximum and minimum pressure at point of input to distribution system (normal and exceptions).
- Allowable rate of change to avoid surge.
- References to duties under Water Supply regulations and DWI guidance on quality parameters.
- References to the impact of section 19 undertakings.
- Regulatory and operational monitoring processes.
- Methods of compliance with SWW operation standards for water leaving licensee's treatment works.
- SWW proposals to minimise and correct Biofilm stripping and corrosion issues arising from mixing different qualities of water.
- Plumbosolvency and cuprosolvency requirements, including pH control and phosphate dosing.
- Fluoridation requirements of strategic health authorities.
- Methodologies and equipment to be used for monitoring network and water quality.
- Identification of water supply zone boundary and supply point authorization issues as agreed with the DWI.
- Responsibilities and procedures in the event of a plant failure or pollution incident.
- Incident response and communication procedures.
- Responsibilities and requirements for outbreak and incident control.
- Emergency event pressure requirements and responsibilities.
- Responsibilities for fire-fighting provision of water.
- Requirements for treated water storage and associated input control processes.

The feasibility study may not be a one stage process. At any point up until an access agreement has been signed, if any of the information supplied by the licensee to SWW has changed, or if further information has become available, the licensee should inform SWW. If SWW considers that the changes require further investigation, which may require modification of the price or non-price terms previously quoted, SWW will inform the licensee of the need for further investigation.

SWW and the licensee will agree the scope and charges for the feasibility study into the licensee's proposal before it commences. SWW will also agree as to how the results will be shared and provide a copy of the findings if these are requested. SWW will set out the decision on feasibility and the reasoning behind it before discussing with the licensee what action is needed to progress the application further.

A firm offer of access subject to contract through a formal combined access agreement will be made in writing to the licensee within 10 working days after final completion of a feasibility study, conditional on a combined supply agreement being reached between SWW and the licensee. This will include the case specific access price and non prices terms subject to contract following completion of the feasibility study and the recalculation of the Water Resources Plan.

3.1.6 Detailed contract negotiations

SWW and the licensee will need to agree a contract that is compliant with this access code and Ofwat's published access code guidance.

Specific clauses that will need to be negotiated at this stage include:

- Payment Terms.
- Frequency of payments.
- Consumption reconciliation.
- Arrangements for dealing with outstanding debt.
- Service Level agreement for support services provided by either party.
- Specific water quality requirements.
- A transfer date that takes into account the operation of the Customer Transfer Protocol.

There will be a period of 15 working days in which these terms are discussed. Once a final firm offer subject to contract has been made and accepted, SWW will inform the customer of the intended change in supplier and provide an anticipated transfer date. An offer made by SWW shall remain open for acceptance by the licensee for 6 months. SWW may vary an offer during this period in the event of a material change in circumstances. This will supersede the previous offer, which licensees will no longer be able to accept.

Once the terms have been accepted SWW will send the licensee a signed contract within 10 working days. The dispute resolution procedure should be used if these terms are rejected by the licensee. A transfer date will be included in the contract that makes an allowance for the time likely to be required to complete the actions required under the Customer Transfer Protocol. SWW will generate a unique Premises Reference Number (PRN) when the detailed contract is prepared that the parties can subsequently use in the CTP process and any other future correspondence about that customer's premises. This will be in the format SWT*****, being the Water undertaker identify for South West Water and 5 unique digits for that premises.

3.2 Timescales

SWW will adhere to the timescales set out in this access code where it is technically feasible to do so and where no unreasonable requests for information or terms are demanded. These set out the maximum amount of time that the process should take and SWW will attempt to take less time than set out below wherever possible. The flowcharts in sections 2.3.1 show the timescales for each stage of the application process for combined supply of water.

Where there are delays to the process SWW will inform the licensee with a forecast of the delivery time and the reason for the delay. Timescales are likely to be longer for more complicated access, especially where technical information or analysis is required from DWI, Environment Agency or secondary water undertakers. In these cases SWW will look to agree with the licensee that the timescale is frozen whilst awaiting technical information from third parties.

3.2.1 Initial contact

Timescale begins with the receipt of the initial contact from the licensee.
Acknowledgement within 2 working days.
Confidentiality agreement prepared within 10 working days.
Initial meeting arranged within 10 working days if required.
Total elapsed time for this stage from initial contact is 10 working days.

3.2.2 Application

The timescale for this stage starts with the completed application form from the licensee and signed consent forms from the customers. The consent forms should be signed, or verified by the customer as being in force, no more than 2 months prior to the application being submitted.

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

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

3.2.3 Feasibility study and testing

Timescale for this stage starts with receipt of the completed detailed application from the licensee that includes responding to any of the issues raised by SWW following the report on the initial application.

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

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

3.2.4 Detailed negotiation

This stage commences when a firm offer of access is made by SWW at the end of the detailed application stage. Discussion of contract terms will normally occur within 15 working days, within which the licensee can accept the terms offered. Any changes to price or non-price terms requested by licensees may require a further period of discussion before revised terms can be proposed and discussed. SWW will issue a formal contract that reflects the final terms within 10 working days. Both parties will have signed the formal contract within a further 15 working days. Total elapsed time for this stage from initial contact is 130 working days.

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

3.2.5 Application fees

No application fees are payable for Water Supply Licensing.

3.2.6 Credit provisions and credit limits

SWW reserves the right to carry out a credit check at the initial application stage, as it would do for any other contractual negotiation. As no application fees are payable, no credit limits need apply.

3.3 Confirming eligibility

Licensees should refer to the Ofwat eligibility guidance document to establish whether customer premises are eligible for Water Supply Licensing.

<http://www.ofwat.gov.uk/publication/eligibility-guidance-whether-non-household-customers-england-wales-eligible-switch-retailer/>

3.3.1 Responsibilities

In all cases and for all aspects of eligibility, it is the licensee rather than the water undertaker which must ensure that the premises of a potential customer are eligible in accordance with Ofwat's guidance on eligibility.

3.3.2 Supply arrangements for licensees

Supply arrangement for licensees will be established during the application process. Arrangements for billing transfer to licensees rather than the customer by SWW will be made at the contract negotiation stage and confirmed during the Customer transfer protocol process.

Section 17A 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.

3.3.3 Attachment to the supply system

The access agreement will specify how licensees and customer premises will be attached to the supply system. Where new connections are required to attach to the supply system, charges will be made for customer connections as set out in the SWW Tariffs and Charges scheme, published annually. Connections of a licensee's source to the public water supply network will be part of the detailed application stage. Licensees will pick up the full cost including overheads of making this connection before the access agreement comes into effect.

Customers can only be supplied by licensees if they are connected to the supply system. The supply system is defined in section 17B (5) WIA91. It can be summarized 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 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 supplementary authorization which is an authorization to the company to introduce water into a water undertaker's supply system, by means of which any particular supply of water in accordance with the retail authorization is to take place, in connection with that supply in accordance with Chapter 2A of Part 3 of WIA91.

3.3.4 Customers in debt

Outstanding debt is defined in Standard licence conditions for water supply licences with wholesale and supplementary authorisations 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 of the notice. The old supplier may suspend the transfer of the supply of water to those premises of that customer until satisfactory provision has been made for the outstanding debt to be paid to the old supplier.

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

supplier.

Further information is available in Ofwat's CTP.

http://www.ofwat.gov.uk/wp-content/uploads/2016/08/pap_con20160812RMO_transition.pdf

or

http://www.ofwat.gov.uk/redirect/?url=/competition/wsl/pap_con_1002ctp.pdf

3.3.5 Non discrimination

SWW is required not to unduly discriminate when granting access. We will therefore treat like situations the same unless the differential treatment can be objectively justified on legitimate grounds, as explained in this access code. Unwarranted distinctions will not be made between SWW or the licensee supplying the customer, between different licensees or between different customers. Distinctions can be warranted if they are specifically agreed as part of the access agreement.

3.3.6 Non transfer and assignment

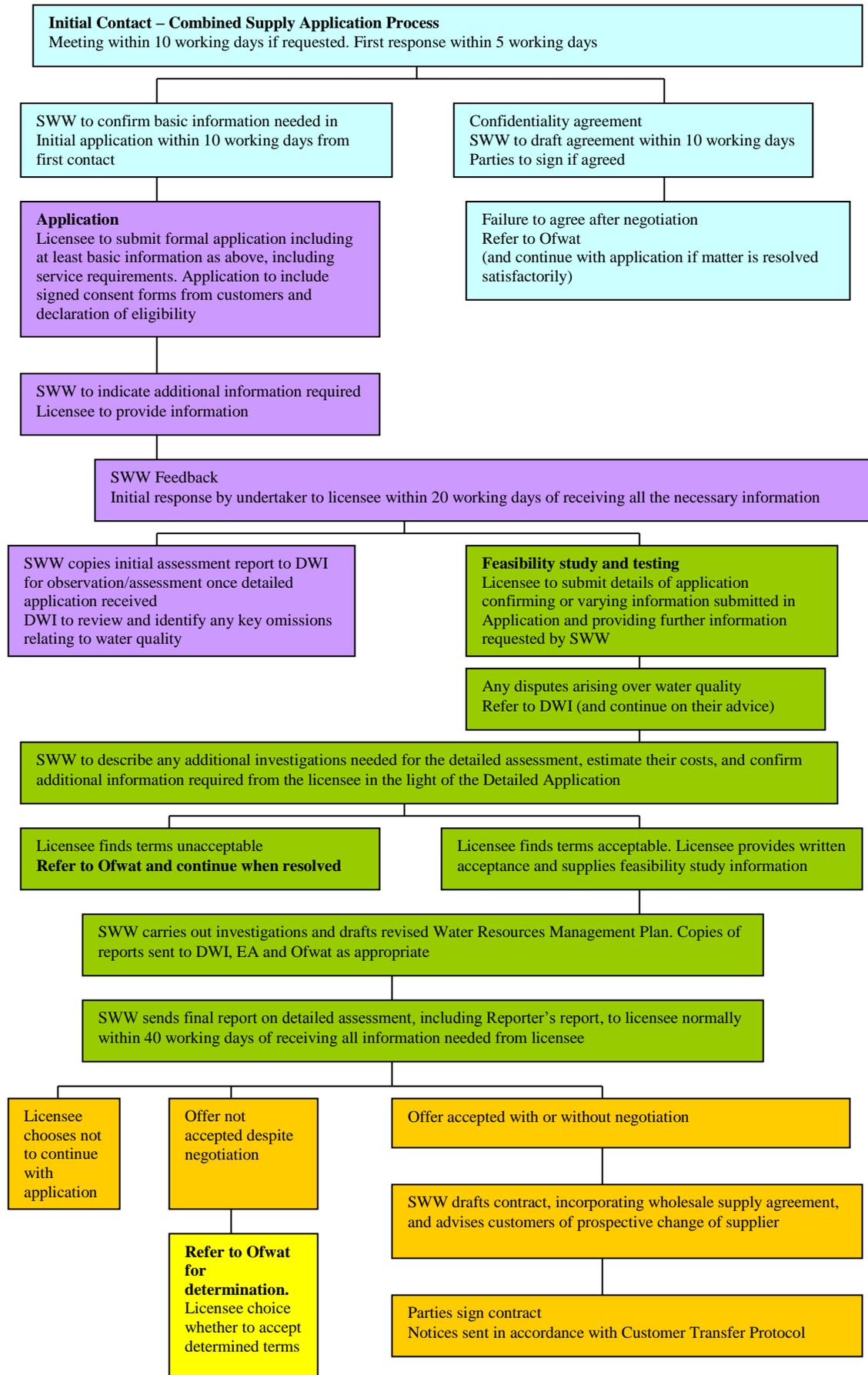
Once a licensee has been granted access to the SWW supply system, it is not able to transfer its obligations under the access agreement to a third party licensee without the agreement of SWW. The third party would need to have obtained a Water Supply License from Ofwat in order to provide services and an application to SWW would need to be made, using the normal application process, so that SWW can assess the third party licensee's technical and financial ability to fulfill the contract, along with assessing emergency and security implications.

Any transfer that is agreed must be carried out using the Customer Transfer Protocol implemented as part of Water Supply Licensing.

3.4 Application process

3.4.1 Access to system (combined supply) application process

A flow chart for the combined supply application process is shown below:



3.4.1.1 Stage 1: Initial contact

Details of the process and the information requirements are given in section 3.1.3 and 3.2.1 above. The flow of information at this stage should be sufficient to understand contact arrangements and information requirements for the initial application. A confidentiality agreement is required to be signed before the application can proceed to stage 2.

3.4.1.2 Stage 2: Initial application

Details of the process and the information requirements are given in section 3.2.2 above. The flow of information at this stage is to provide an initial indication of what form the access could take and to provide the DWI with the first view of the application. By the end of the stage, SWW should be able to provide the licensee with the information required for the detailed application and feasibility study.

3.4.1.3 Stage 3: Detailed application

The feasibility study at this stage establishes the operational practicality of the licensee's proposals. Once this has been completed, SWW can recalculate its Water Resources Plan, which in turn determines the calculation of access prices. The regulatory bodies will require assurance that the water quality and the environmental impact of the proposals have been fully considered in the application.

3.4.1.4 Stage 4: Negotiation of contract terms

Details of the process and the information requirements are given in section 3.2.4 above. This stage requires negotiation of access agreement terms and resolution of any items that are not agreed following negotiation.

3.4.1.5 Role of DWI

The duties of the DWI in the application process are:

- Responsible for assessing the suitability of a person to introduce water into the public water supply system.
- Responsible for advising Ofwat as necessary in respect of resolving disputes between the undertaker and licensee with respect to water quality issues.

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

To meet the DWI and SWW requirements a combined licensee must be able to demonstrate that:

- The quality of the source water has been assessed in accordance with regulation 15 (sampling new sources);
- An assessment of the risk of contamination to the source has been carried out, including the risk from Cryptosporidium as required by regulation 27;
- The treatment applied is appropriate to the quality of the raw water, including the risk from Cryptosporidium;
- The works operators are appropriately trained to operate the water treatment works; and
- An appropriate level of monitoring is in place to ensure that the quality of the treated water leaving the works meets not only the regulatory requirements, but also the existing documented operational requirements of the undertaker where these are more stringent than the regulatory requirements.

3.4.1.6 Role of the EA

The duties of the Environment Agency with respect to the application process are:

- Responsible for establishing abstraction rights.
- Responsible for administration of water resource and drought plans.

The EA issue and monitor abstraction licenses and licensees will need to make arrangements for their source of water directly with the EA. The EA also have a role to play on environmental protection. For instance they may be concerned about the environmental impact of mixing water of different types of sources, for instance if a bulk supply of spare water from a secondary undertaker required transfer into a different river system on behalf of a licensee. The EA also have to approve drought plans and Water Resource Plans.

3.4.1.7 Role of the secondary undertaker (where applicable)

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

3.4.1.8 Provision of information to the sewerage undertaker

It is the Licensee's responsibility to inform the sewerage undertaker who rely on SWW meter readings. This is unlikely to apply for eligible customers in the region that SWW serves, as there are no sewerage undertakers other than SWW.

3.4.2 Objections and rejection process

SWW, licensees, DWI and secondary undertakers may discover during any part of the application stage that an application for access by the licensee cannot be progressed. These parties can raise objections during an application for access to the SWW supply system.

The following are the main circumstances in which an objection may be made to an access agreement:

- The statutory provisions under sections 66A-C WIA91 apply.
- The licensee has provided insufficient or incorrect details to the relevant parties to allow the customer to transfer.
- The licensee has refused to supply necessary information.
- SWW or an existing licensee considers that the customer's premises are not eligible.

- An application by another licensee to supply the eligible customer has been accepted.
- Impractical proposals, e.g. unfeasible hydraulic conditions.
- Unacceptable water quality implications.
- Concerns over the source risk assessment.
- National security reasons.

Full reasons for objection by SWW will be given in writing to the licensee as soon as possible after we are aware of a problem. A meeting can be arranged to discuss the objections and we will seek to negotiate solutions to enable the application to proceed.

3.4.3 Application process arbitration and dispute resolution

Individual access agreements shall be made in accordance with the Ofwat access code guidance. If licensees consider that the terms and conditions in access agreements are unreasonable, and/or not consistent with its access code and/or the Ofwat guidance, under section 66D WIA91 the licensee can refer the matter to Ofwat for a determination.

Where the issue related to water quality terms or monitoring of water quality, the DWI may also be involved and may express an opinion as to whether the requirements set out by SWW are reasonable in this case. If the issue concerns pollution control then the Environment Agency will be similarly involved.

The first step for licensees is to raise the issue of concern with SWW at the initial application phase if it concerns this access code, at the detailed application phase if it concerns water quality or feasibility study issues or at the detailed contract negotiation stage if it concerns access pricing or other specific terms in the access agreement offer that were not covered in the access code. SWW will maintain a register of precedent in access agreements to ensure non-discrimination and to assist parties where disputes occur.

If both SWW and the licensee agree, then arbitration may be used if agreement cannot be resolved easily by negotiation. This could include allowing the SWW Reporter to comment on an issue, particularly if it includes calculation of access prices or the Water Resources Plan.

Where the licensee asks Ofwat to make a determination, the terms and conditions that Ofwat then determine are binding on SWW.

3.4.4 Concurrent, duplicate and consecutive applications

Where there are concurrent, duplicate or consecutive applications, SWW will inform licensees within the limitations of the confidentiality agreements and our duty of confidentiality under our license condition. This will help to prevent erroneous transfers.

3.4.5 SWW as a secondary undertaker

If SWW has a Water Resource Zone with spare water it may be possible for licensees to apply to SWW for a supply to be provided as a secondary undertaker to a primary water undertaker in whose region the eligible premises is.

A water supply licensee can ask SWW for a wholesale supply of water to enable it to supply its customers in a neighbouring water undertaker's area. The obligation on SWW to act as a secondary water undertaker only applies if the water can be designated as 'spare'. Whether water is 'spare', and the period of time that this designation can apply for, will depend on an

assessment of the headroom between water available for use and demand (based on 'dry year'). Licensees can request from SWW details of the amount of surplus water available, if any, over the target headroom that may be available as 'spare'.

Considerations include:

- Where the dry year target headroom is equal to or greater than the dry year available headroom, then there will be no 'spare' water in that Water Resource Zone (WRZ).
- If the dry year target headroom is less than the dry year available headroom, then critical period obligations and the potential impact on customers will be considered.
- Whether any part of the SWW water supply area is designated by the Secretary of State as 'water stressed'.
- The potential effects of abstractions necessary to make secondary supplies available on the local environment.
- Whether making the 'spare' water available to a licensee would result in disadvantage to existing customers
- Whether the provision of 'spare' water would materially affect drought measures or the Security of Supply index (SoSi).
- The impact on Water Resource Plans, such as the future headroom in resources and how this may change, the variability of water supplies and the terms of existing bulk supply arrangements.

3.5 Access criteria

3.5.1 Water quality input specification

SWW require that water introduced by licensees should be of consistent quality with the water in the public supply network. It is equally important that the introduction of the water is done in such a way that it does not affect the quality of the water in the SWW supply system. This section of the access code sets out guidelines for what quality of water a licensee will be required to achieve. It also covers the accreditation of laboratories used to test the quality of a licensee's water. Before licensee entry occurs pre-entry network modelling is necessary to ensure that the introduction of water will meet these requirements.

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

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

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

Changing the flow routes and points of supply may increase the age of water delivered to some consumers. Several water quality parameters can change in concentration over time in the distribution system. For example, chlorine residuals reduce with 'age of water',

whereas the concentration of disinfection by products such as THMs may increase. In addition, there is a greater risk of substances leaching from pipe materials and linings if the contact time with the water is increased. Excessive water age should, therefore, be avoided by licensees following existing SWW documented operational practice as specified in the access agreement.

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

Interactions of different sources of water (water mixing) or changing the nature of the water in the system will also need to be taken into account in assessing an application. These factors affect water quality, asset condition and asset life. Where the mixing of different quality water would be likely to affect customers, blending the supply at a service reservoir may be required to ensure a consistent supply reaches customers. Where the condition of mains will need to change to allow different quality waters to go down the same pipe, the cost of this will be reflected in the access pricing calculation.

It will be assumed unless otherwise specified in the detailed application that the licensee's water will be treated to the same quality as the SWW water in the network concerned. This is particularly important for microbiological factors where disinfection so that chlorinous tastes are not present in customers' water. Licensees should assume that plumbosolvency control, softening, sequestration and corrosion inhibition will be required to the same standards used by SWW in treatment processes.

3.5.1.1 Quality parameters

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

a) Aesthetic parameters

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

b) Aluminium

Must be less than 200 ug Al/l.

c) Biological parameters – Algae/bacteria

Water must be free of coliforms (0 per 100ml). Where any bacterial coliform organisms are detected in treated water then immediate action must be taken to investigate the source of the contamination.

Colony count standards at 22C and 37C must be monitored at the source to identify how this compares to the trends currently in the public supply network.

Algal blooms should be absent from the raw water source or the treatment of a sufficient standard to remove algae at treatment at the peak of when these blooms

are likely to occur.

d) Biological parameters – Macro-organisms

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

e) Cryptosporidium

Cryptosporidium risk assessment and monitoring history is required on the raw water source to determine whether the treatment type used is appropriate. The prescribed concentration is less than 1 oocyst per 10 litres.

f) Disinfection residuals

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

g) Fluoridation

Licensees will be required to fluoridate water if this is required by Strategic Health Authorities in the public supply network concerned. There are no current examples of this in the SWW supply area.

h) General Microbiological Quality

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

i) Hardness and Carbonate Stability

Total or permanent hardness reflects the influence of carbonates, sulphates and chlorides of calcium and magnesium that may be present in the water. This affects groundwater supplies abstracted in East Devon. If the supply has been softened there should be a minimum hardness of 60 ug Calcium per litre. Carbonate or temporary hardness should have a minimum of 30mg HCO₃/l if the public water supply requires softening.

j) Iron and Manganese

Iron may be associated with the corrosion of old iron mains. Iron based compounds are also used in some water treatment processes to remove impurities and should be removed in the process. A standard of 200 ug Fe/l has been set for aesthetic reasons as levels persistently above this standard can give rise to discoloured water.

Manganese occurs naturally in many water sources. A standard of 50 ug Mn/l has been set for aesthetic reasons as black deposits of manganese dioxide can give rise to coloured water.

k) Lead

Lead should be absent in water entering the water supply. Variable concentrations of lead may be found in the water at customers' taps in older properties built at a time when lead was commonly used in plumbing systems. Plumbosolvency dosing may be required in some areas in water input into the public water supply system in order to meet a standard of 10 ug Pb/l.

l) Nitrate

Nitrate arises from the use of fertilizers. A limit of 50mg NO₃/l is required in water input into the public supply network.

Nitrite arises from the use of ammonia in water disinfection or from nitrate. A limit of 0.1mg NO₂/l is required in water input into the public supply network.

m) pH – Acidity and Alkalinity Stability

Excessive acid or alkaline water can contribute to corrosion of pipes and fittings. The minimum pH is 5.5 and the maximum pH is 9.5.

n) Pipework Operating Regime – Stagnation

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

o) Polycyclic aromatic hydrocarbons (PAHs)

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

p) Trihalomethanes (THMs) and Chlorine

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

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

q) Turbidity

There should be no haziness caused by fine particles in treated water, with the standard being 4 Formazin Turbidity Units (FTU).

r) Sulphate

Excess levels can contribute to corrosion, with a standard of 250 mg SO₄/l.

s) "Regulation 31"

Water input into the public supply network should be fit for human consumption

and have regard that taste, odour and discolouration.

t) Water Discolouration

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

u) Other parameters referred to in the water quality regulations

Sodium – 150Na/l
Potassium - 12mg K/l
Ammonium – 0.5 mg NH₄/l
Kjeldahl Nitrogen – 1mg N/l
Oxidizability – 5 mg O₂/l
Total organic carbon substances extractable in chloroform – 1mg/l dry residues
Dissolved or emulsified hydrocarbons phenols – 10ug/l and 0.5ug C₆H₅OH/l
Surfactants – 200 ug/l as lauryl sulphate
Copper – 3000 ug Cu/l
Zinc – 5000 ug Zn/l
Silver – 10 ug Ag/l
Arsenic – 50 ug As/l
Bromate – 10 ug BRO₃/l
Cadmium – 5 ug Cd/l
Cyanide – 50 ug CN/l
Chromium – 50 ug Cr/l
Mercury – 1 ug Hg/l
Nickel – 50 ug Ni/l
Antimony – 10 ug Sb/l
Selenium – 10 ug Se/l
Boron – 1 mg B/l
Barium – 1000 ug Ba/l
Pesticides – 0.1 ug/l individually and 0.5 ug/l total
Calcium – 250 ug Ca/l
Fluoride – 1.5 mg F/l
Tetrachloromethane – 3 ug/l
Trichloroethene – 30 ug/l
Tetrachloroethene – 10 ug/l

3.5.1.2 Special circumstances relating to water quality standards

Clarification on the mechanisms to administer temporary derogations in the event of emergencies will be made in the access agreements. This will depend on the complexity of the access sought and the results of the risk assessment to consumers undertaken as part of the feasibility study. The process in general will require the contact nominated in the access agreement for SWW and the Licensee to liaise and implement the agreed plan for dealing with the emergency situation.

The access agreement will specify the water quality standards which in exceedance will require notification to SWW, DWI and Local Health Authorities should the parameter fail a regulatory standard.

3.5.2 Water flow and pressure

The connection between a licensee's source and the SWW supply system will be discussed during the application to establish what constraints there are to this connection. The feasibility study will establish how the adequate control of flows and pressures that may affect the performance of the supply system will be maintained so that SWW can meet all existing and future obligations.

The flow of water from the licensee's source will require measurement in accordance with recognised water industry standards and will be risk assessed as part of the feasibility study. Non return valves may be required to protect the supply system.

Pressures of water from the licensee's source will be agreed according to the results of the feasibility study.

3.5.3 Water quality sampling and monitoring

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

Clarification of the regulatory sampling regime and ongoing requirement of the DWI will be made as part of the access agreement, following from the results of the risk assessment in the feasibility study. The access agreement will also specify the circumstances under which SWW can suspend inputs from the licensee source without notice and the communication process that follows this happening. The circumstances in which this can happen are:

- The resultant water quality without inputs being suspended would be likely to result in a breach of standards agreed in the access agreement, as set out in section 2.4.1.2
- To protect the safe and economic operation by SWW of its supply systems
- To facilitate efficient balancing of the supply system
- To protect the Quality of water conveyed through the system.
- During an event of status classified as an emergency under section 5.4.1

The communication process is defined under section 5.4.3

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

The licensee shall meet the monitoring requirements of SWW established during the feasibility study.

3.5.4 Volume measurement

In most cases data logging will be required at the licensee's source which provides daily and hourly monitoring of the meter through electronic mechanisms. This is to allow SWW to monitor water entering the supply system for network and leakage control purposes. The Risk assessment of the licensee source during the feasibility study will establish any variation to this general requirement.

PART 4 – Customer Transfer Protocol

The Customer Transfer Protocol is the process by which a customer is transferred between undertakers and licensees or licensee and licensee.

For detailed information refer to the Ofwat Customer Transfer Protocol (CTP) available of Ofwat's website

<http://www.ofwat.gov.uk/regulated-companies/company-obligations/becoming-a-water-supply-licensee/customer-transfer/>

http://www.ofwat.gov.uk/redirect/?url=/competition/wsl/pap_con_1002ctp.pdf

PART 5 – Combined supply: Control and balancing of supply system

SWW in discharging its duties under the WIA91, must retain operational control of the network and efficiently balance inputs to and outputs from it. Whilst SWW will retain responsibility for the running of the network it is essential that Licensees co-operate with SWW to ensure that network operations are not compromised and can be carried out with optimum efficiency.

5.1 Supply system management

5.1.1 Unbilled Water

Licensees must keep records and inform SWW of any water use at the customers' premises that is unbilled in nature, for instance water used for fire fighting purposes, mains flushing, mains testing, washouts, burst mains or leakage.

5.1.1.1 Leakage

Water input by licensees into the network should be measured by meter at the point at which it enters the SWW water supply network, with no allowance required on input for potential leakage in the supply system. Billing to the licensee will normally be based at the existing meter location, normally at the property boundary. The same leakage policy allowances for billing will normally be available for water supply access agreements as in place for the customer at the time of switching, although this can be varied by negotiation and reflected in the access price. Where a customer has already received a leak allowance such as under SWW's normal leakage policy that they would not receive another leak allowance within a specified period of time, then this would be reflected in the customer specific terms included in the access agreement.

5.1.1.2 Unauthorised use of water

Licensees should advise SWW of any illegal connections by non eligible customers and illegal resale of water that they are aware of that has taken place at their customers' premises. It is recommended that licensees include suitable clauses in their agreements with customers and establish audit and monitoring routines to allow them to identify such situations.

Where SWW believe that illegal connections and theft of water may be taking place the licensee will be informed, provided with any evidence available to support the suspicion and then will be jointly investigated.

5.1.1.3 Fire water

SWW is responsible for the provision of water for fire fighting purposes. WA03 does not amend section 147 of WIA91 and therefore SWW will not charge licensees for water used for the purpose of fire fighting (including the testing of appliances). Licensees should notify SWW where water has been used for such purposes and provide documentary evidence of the amount of water use so a suitable allowance can be made to the billing amount due.

Additional special requests for fire hydrants are dealt with under section 58 of WIA91.

5.1.2 Security of supply

SWW remains solely responsible for drought and water resource planning. Licensees must comply with reasonable requests for information that is necessary for SWW to fulfill its statutory duty to supply.

5.1.2.1 Drought plans

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

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

5.1.2.2 Resource planning

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

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

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

5.1.3 Telemetry requirements for supply system network control

Installation of telemetry and data logging is required at the point at which the licensee's water is input into the SWW water supply system. Requirements for this will be established as part of the feasibility study into combined supply.

If the feasibility study establishes that licensee monitoring equipment should be linked to the SWW telemetry systems, specifications for doing this would be established in the access agreements. This may include alarm trigger levels and specified responses to these alarms. The feasibility study may also establish that remote shutdown facilities on a licensee's input of water into the supply system should be made available to SWW.

5.1.4 Secondary connections

Licensees must prevent secondary connections being made after a licensee has been granted access to the supply system. It is the Licensee's responsibility not to allow non eligible connections to the public supply system through the customer of the Licensee.

5.1.5 Supply system maps and plans

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

5.1.6 Point of entry controls and failure modes

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

5.2 Metering services

The level, type, frequency and extent of metering required for each supply point will be agreed as part of the access agreement. SWW normally require monthly meter readings for billing purposes. Where data loggers are currently installed for customer purposes, an ongoing maintenance arrangement for this equipment can be agreed as part of the access agreement and reflected in the access price. Where more frequent readings or data logging is required for SWW operational purposes, this can be specified in the access agreement with the access pricing reflecting any costs that the licensee will incur as a result. Higher risk supply points or vulnerable supply points, susceptible to fluctuations in supply and demand, may require more frequent monitoring; in which case this will be specified in the access agreement and SWW will be responsible for this equipment.

5.2.1 Meter asset management

Ownership of meters on the SWW supply network or at customer premises remains the property of SWW. Licensees can however ask SWW to outsource maintenance of meters as part of the access agreement and this can then be reflected in the access price. SWW have the right to certify the accuracy of the meter through in situ or off site testing as required. Should this establish that the meter is operating outside normal parameters for the relevant meter, then SWW can require replacement of the meter.

The licensee will be required to install a meter at the entry point into the public supply network from the licensee's source. SWW need to monitor the flow of entry into the network and access to the meter data will be specified as part of the access arrangements in the access agreement.

5.2.2 Metering solutions available

The metering technologies used by SWW are compatible with current industry standard practices. Precise requirements should be agreed as part of the access agreement, having been established at the feasibility study stage. Meter calibration should be carried out using technology appropriate to that meter installation. Depending on the installation type, bench testing by a mutually agreed organization may be required. Where this occurs, the meter shall be replaced with a previously calibrated and certificated meter that is suitable for that installation.

5.2.3 Meter installation

SWW can undertake the installation of the meter at the licensee's source as a commercial activity. If the licensee requests this service it should be arranged as part of the access agreement.

Details of metering services offered by South West Water and application forms are contained on our web site;

<http://www.southwestwater.co.uk/index.cfm?articleid=811§ionid=11867>

5.2.4 Meter maintenance

SWW can undertake the maintenance of the meter at the licensee's source as a commercial activity. If the licensee requests this service it should be arranged as part of the access agreement.

5.2.5 Meter calibration/verification

SWW can undertake the calibration and verification of the meter at the licensee's source as a commercial activity. SWW have the right to undertake this work periodically in any case in order to verify the accuracy of the meter. The process for meter calibration and verification will be agreed as part of the access agreement. Charges for meter calibration are set out in the SWW Charges Scheme approved on an annual basis by Ofwat and available from www.southwestwater.co.uk or from the SWW contact in this access code.

If a meter needs to be tested it will be removed and sent to a Trading Standards approved Test Centre. The meter will be tested at three separate flow rates. The test results will be sent to you together with the Test Centre's confirmation of whether or not the meter recorded use within the limits required by the Measuring Equipment (Cold-water Meters) Regulations 1988.

5.2.6 Meter reading and meter reading verification

Licensees are required to provide meter readings for each meter at an eligible customer in accordance with the agreed billing cycle, normally monthly unless otherwise specified in the access agreement. SWW will verify the meter reading against historic usage and can require audit and verification of the meter where there is doubt as to the accuracy of the reading.

Where there appears to be an anomaly in the reading SWW can first require the Licensee to provide a second reading to verify the first, to ensure that mis-reads can be ruled out.

Where a dispute remains on a meter reading, billing can continue based on estimated usage based on recent history or on the forecast in the access agreement until the dispute is resolved.

Licensees are required to provide meter readings to sewerage undertakers for the purpose of billing trade effluent or waste water services. This is unlikely to be required for eligible customers in the South West Water region, as there are no sewerage undertakers other than SWW.

5.3 Supply system balancing

5.3.1 Strategic balancing

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

SWW retains overall control of the distribution system, including control of all inputs required to meet demand. SWW and the licensee must therefore agree on the mechanisms for operating the system and balancing supply and demand. Both parties must also agree on the arrangements for operating the system, including in particular for emergency situations.

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

5.3.1.1 Annual supply planning

The Licensee must provide details necessary for the annual assessment of available resources and the robustness of those resources throughout the year, with respect to reliability of yield, water quality and planned outages.

The information required from licensees in the annual supply planning process and assessment of available headroom is the same as the water volume information required at the detailed application stage, unless otherwise specified by SWW.

5.3.1.2 Use of strategic supplies

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

A strategic supply is defined as a supply of water if, without the introduction being made, there is a substantial risk that the water undertaker would be unable to maintain supplies to its own customers (domestic and non-domestic purposes) as well as supplying the licensee's customers with water for domestic purposes.

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

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

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

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

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

If circumstances change for a supply, then SWW can also apply to Ofwat for de-designation of a strategic supply. Designation or de-designation can occur at any point during the duration of an access agreement. Access agreements will need to reflect this.

Strategic supply designation is more likely to be required where common carriage access has been requested that involves displacement of existing water resources and on the significance of any investments that have been deferred by licensee common carriage entry.

5.3.1.3 Back-up supplies

Back-up supplies may be appropriate to ensure that licensee's can use an alternative supply in the event of its own source failure. The licensee can request at the detailed application stage (or earlier) that SWW provides this facility or alternatively can make their own arrangements. In either case the existence of back-up supplies or otherwise will be reflected in the access agreement.

The provision of back-up supplies is an optional service in addition to the limited interim duty to supply on SWW described in the section below.

5.3.1.4 Interim duty to supply

Where a licensee serves a notice of disconnection to a customer or fails to supply the service required for some other reason, then the licensee will cease to supply the customer's premises with water. If the customer at that premises has neither advised SWW of an alternative supply arrangement nor of an intention for the supply to cease, then SWW will provide interim supply arrangements for a period of three months unless the duty to provide an interim supply does not apply. The interim supply duty for domestic use purposes on SWW under section 63AC WIA91 applies immediately, ensuring that the customer continues to receive water for up to three months. This applies to both domestic and non-domestic supplies. This duty to supply applies unless the provision of this supply would require SWW, in order to meet all its existing obligations to supply water for domestic or other purposes, together with its probable future obligations to supply buildings and parts of buildings with water for domestic purposes, to incur unreasonable expenditure in carrying out works; or otherwise put at risk SWW's ability to meet any of those existing or probable future obligations.

The charge to the customer will revert to the standard retail tariff applicable when the interim duty of supply is revoked. At the end of the three month period SWW has the right to serve notice on the customer to discontinue the supply.

For a retail supply, a customer who has switched to receive a retail supply under section 66A WIA91 from a licensee will be able to switch back to SWW should the need arise.

5.3.1.5 Interruptible customers and interruptions to supply

SWW has no interruptible customers or interruptible tariffs.

5.3.2 Flow balancing and reconciliation process

SWW only has a potable water network which is used to supply eligible customers. Flow balancing and reconciliation only applies to the potable water network.

5.3.2.1 Supply system usage forecasts for wholesale supplies

Licensees must provide supply system usage forecasts of their customers to SWW when required in order to allow SWW to complete Water Resource Plans or other usage forecasts.

5.3.2.2 Supply system usage forecasts for combined supplies

In the access agreement, forecast input of water by the licensee and usage by the licensee's customers will have been specified. Parameters for the input of water by the licensee will have been specified and the access price based offered. These parameters are designed to build into the access price a degree of usage and input water flexibility so that accounting for

demand and supply imbalances is not necessary. Specific access agreement terms will be negotiated to suit Licensees, their customers and SWW in relation to this. The section below contains details of how charges and reimbursements will be raised where actual demand or supply falls outside of these parameters. Details of processes used in forecasting network demands and determining actual usage will be similar to the information required in the application for combined supplies. This level of data should be sufficient in order for SWW to update the Water Resource Plan. Licensees must provide supply system usage forecasts for their customers when required by SWW to allow Water Resource Plans or other usage forecasts to be completed.

5.3.2.3 Imbalance accounting

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

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

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

(a) Licensee forecast input and customer forecast usage.

Where a licensee's forecast input and the customer's forecast usage fall out of balance, a temporary change in the forecast future balance that results in SWW having to treat more water will result in a charge at the marginal cost of treating, and possibly distributing, the water. This will vary but will probably be the same resource saved in calculating the original access price. Where the imbalance is more permanent or significant enough to require extra pumping costs around the distribution system then this will also need to be reflected in the extra charge. Where there is a temporary imbalance that results in SWW having to treat less water, then a reimbursement may result based on the resource saved as calculated in the original access price. This should in normal circumstances not be required as it is sufficient to reflect the impact of the volumetric rate discount on the access price that has been calculated on the forecast volume usage by the customer.

(b) Licensee forecast input and actual input

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

(c) Licensee actual input and customer actual usage

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

(d) Customer forecast usage and actual usage

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

5.3.2.4 Reconciliation processes

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

Imbalance accounting and reconciliation and water forecasts should be a standing agenda item for the SWW / Licensee meeting which is likely to be held annually unless otherwise specified in access agreements.

5.3.2.5 Peak season / off peak reconciliation

Peak and off peak impacts may require separate reconciliation. Where this is an issue it should have been captured during the application process. Licensees should ensure that seasonal water use by customers is notified in water use forecasts and access applications to ensure that these do not result in imbalances.

5.4 Network reservations

SWW do not currently operate any network reservation retail tariffs and therefore access prices based on network reservations are unlikely to apply.

5.5 Introduction of water into the network

Under section 17H WIA91 the Secretary of State issues standard conditions for Water Supply Licensing. Standard Condition 13 states that a Licensee may not introduce water into a Water Undertaker's supply system until the Chief Inspector of Drinking Water has served notice on the Licensee stating that a satisfactory audit has been conducted in relation to relevant regulatory standard used by the Licensee in relation to that introduction. Even with this having been served, SWW still controls the right to reject the input of water into the SWW network by the Licensee until the terms of access specified in this access code and included in any access agreement that affects the operation of the network and resultant water quality have been met.

PART 6 – Combined supply system maintenance and emergency procedures

SWW and the licensee will conduct their business in such a way as to ensure compliance with obligations under the Security and Emergency Measures (Water and Sewage Undertakers) Direction, 2005 and the Security and Emergency Measures (Licensed Water Suppliers) Direction, 2006.

SWW and the Licensee must have a set of robust agreed emergency procedures.

6.1 Diagnosis of system issues

In supplying water to customers through the public supply network, both Licensees and SWW share responsibility that the water supplied is fit for public consumption. In order to achieve this, it is vital that SWW and Licensees share the information required in order that system issues are diagnosed and resolved promptly.

6.1.1 Obligations with respect to diagnosis of supply system problems

Obligations on SWW:

- To inform licensees on the requirements of flow into the network.
- To inform licensees of any planned maintenance or events that may affect the supply of water to licensees.
- To inform licensees of the requirements of network flow balancing.
- To inform licensees of any other operational factors that may be important.
- To inform customers and licensees of any emergency situations affecting their water supply, such as boil water notices.
- To inform licensees of any information communicated directly to SWW by the licensee's customers.

Obligations on Licensee:

- To inform customers of any information passed on by SWW.
- To inform SWW of any water quality issues with their source that may affect the operation of the network.
- To comply with the water quality requirements in the treated water.
- To inform SWW of any flow issues from their source into the network.
- To comply with network balancing requirements.
- To inform SWW of any requirements or concerns of customers communicated to them.

6.1.2 Quality issues

SWW is ultimately responsible for the quality of the water in the network. The Licensee is responsible for maintaining the standard of water quality introduced into the network.

Information exchange relating to quality issues should take place immediately for emergency situations and periodically as specified in the access agreement (depending on the nature of the source and the point of introduction into the network) for other information. Most operational information should normally be shared on a weekly basis for water input and a monthly basis for routine quality and flow balancing information.

At the start of a supply agreement it may be necessary for the licensee introduction of water to be phased in gradually. This is to allow any network flow changes that have been

identified to be gradually introduced and to ensure that plumbosolvency and fluoridation requirements can be confirmed. This is required so that customer acceptability as well as operational acceptability can be achieved. The feasibility study would identify both whether this gradual introduction would be necessary and how it would technically be achieved.

If the quality of water in distribution changes significantly after an access agreement has commenced, licensees must change their input of water into the public supply system to ensure compatibility. The DWI can be referred to for advice if disputes arise in exceptional cases where a solution between SWW and the licensee cannot be agreed on the water quality issues. The licensee bears any associated costs of changing the quality of water into the public supply system.

SWW will permit a licensee to carry out its own monitoring and testing activities as long as the laboratory used meets the requirements set out in the DWI Regulations and has in place a quality assurance system that is compatible and equivalent to SWW's own standards (ISO 14001 or equivalent). A licensee must provide information to SWW on sampling so that SWW can fulfill its statutory duty to supply wholesome water. Licensees may request during the application process for SWW to provide sampling and monitoring services as an additional service separate to the access agreement. This will be provided as a commercial service with the costs and level of service to be determined through separate contractual negotiation to the access agreement.

6.1.3 Hydraulic issues

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

SWW is responsible for maintaining the hydraulics of the network including complying with obligations regarding inadequate pressure and supply interruptions standards.

Licensees are required to collect data on reports of inadequate pressure and unplanned supply interruptions at customers. This data should specify details including the length of the incident concerned. This data should be reported to SWW on a monthly basis. This information is not requested in relation to the Guaranteed Standards Scheme (GSS), as SWW is not required to report for GSS purposes on unplanned supply interruptions and inadequate pressure to a licensee's customer. However, the information is still necessary for operational and asset management planning of the network.

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

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

by licensees following existing SWW documented operational practice as specified in the access agreement.

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

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

6.1.4 Information systems

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

The types of information required from licensees and the information flows will be specified in the access agreement. This will include:

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

6.1.5 Reporting procedures

Licensees should inform SWW immediately of any change in licensee contact details or customer emergency contact details from those specified in the access agreement. This information should be specified in a formal letter with acknowledgement of receipt required and logged to ensure that the records have been updated. Licensees should put in place a notification process for any temporary rather than permanent changes in contacts through a similar notification letter which specifies the date range within which the change in contact should apply.

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

Routine contact between SWW and the Licensee should be to the operational contact specified in the access agreement. Emergency contacts from the Licensee or the Licensee's customer should be made immediately to the SWW emergency hotline on 0800 169 1144. The routine contact should be notified of the emergency contact as soon as reasonably practicable.

6.1.6 Maps and plans

It is important for the licensee and SWW to share relevant maps and plans at the detailed application stage. This is subject to conditions about security and copyright. Information from supply system modelling should be shared between the parties, for example, to clarify the

negotiation of connection costs, such as mains reinforcement. It is also relevant for agreeing operational practices such as regular flushing programmes. It is important to highlight known areas at risk of discolouration incidents due to flow or pressure fluctuations during routine or non-routine use of the system such as firefighting.

6.2 Planned system maintenance

Any planned system maintenance will be informed to Licensees a week in advance unless otherwise specified in the access agreement. It is the responsibility of Licensees to pass this information on to customers unless otherwise specified in the access agreement. The notice will be sent to the designated contact for this purpose.

When water treatment works, service reservoirs or parts of the distribution system have to be taken out of service for inspection, maintenance, repair and renovation this may affect storage capacity and flow patterns within the network and can also affect the licensee's operations.

Some planned maintenance, such as that carried out for the DWI under section 19 distribution systems undertakings are known well in advance and will be specified in the access agreement as being future needs on the network. SWW has a Distribution Operating and Maintenance Strategy (DOMS) which will be considered at the detailed application phase and terms included in the access agreement to reflect the requirements this places under combined supply on both SWW and licensees.

6.2.3 Obligations with respect to planned maintenance

Where a licensee has concerns or has received concerns from customers about the impact of planned maintenance they should inform the relevant SWW contact specified on the notice of planned system maintenance. SWW will then discuss the operational need for the planned maintenance with the licensee and reschedule the planned maintenance if this can be done without additional cost and if the operational need allows the delay.

6.2.3.1 Responsibility of SWW

SWW is responsible for establishing the planned maintenance requirements on the public supply network and for informing the licensee of these requirements as specified in the access agreement.

6.2.3.2 Responsibility of licensee

The licensee is responsible for the maintenance of its own assets and for informing SWW of what these arrangements are where it may affect the public supply system. The licensee is also responsible for informing the customer of any SWW planned maintenance that may affect its operations.

6.2.4 Specification of assets

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

6.2.5 Maintenance standards

No GSS or other compensation payments will be eligible to Licensees or customers of licensees unless specified in the access agreement. However, SWW will still treat licensees' customers the same as other customers connected to the network in terms of the endeavors made in meeting the obligations for operational performance. Where SWW falls short of these standards we may consider making ex gratia payments as we would for any other customers.

Access agreements should cover the maintenance of the licensee's assets so that SWW is assured that the optimum standards of maintenance necessary to maintain a reliable supply is carried out. Access to the relevant assets will be agreed along with performance criteria to ensure that the integrity of the distribution system as a whole is maintained.

6.2.6 Risk assessment processes

From time to time SWW will carry out risk assessment exercises on parts of the SWW network. Licensees are required to provide whatever information is necessary in order for these to be carried out. This information will normally be of a similar nature to that provided for water quality reasons under the access agreement in any case.

6.3 Unplanned system maintenance

6.3.1 Obligations with respect to unplanned maintenance

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

6.3.1.1 Responsibility of SWW

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

6.3.1.2 Responsibility of licensee

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

6.3.2 Risk assessment processes

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

6.3.3 Emergency notices

SWW will be responsible for applying emergency notices to customers (including licensee's customers) where the incident is known about. SWW will also inform the licensee as soon as practicable.

Where the licensee is aware of the incident, in particular of the source, the licensee should have procedures in place to apply an emergency notice direct to the customer and to SWW immediately.

6.4 Safety aspects of unplanned and emergency work

6.4.1 Status classification

Status of events will be defined in the access agreement depending on the results of the feasibility study. Event categories are:

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

6.4.2 Standard emergency reporting procedures

Emergency reporting procedures will be clarified in the access agreement depending on the results of the feasibility study. Responsibility for dealing with this type of emergency generally falls on SWW and partner organisations. SWW will take the steps required to resolve the situation in a timescale appropriate to the case in hand. SWW will advise the licensee's emergency contact and the contact at the licensee's customer of any action they should take as a result of the incident.

6.4.3 Major emergency reporting procedures

Water undertakers and licensees are required to notify the relevant bodies, as detailed in the Water Undertakers (Information) Direction 2004 of any incident that may affect drinking water quality or sufficiency of supplies. Under section 5 this requires water undertakers (and Licensees, either separately or by liaison with the undertaker) to notify the Secretary of State of:

- (a) the occurrence of any event which, by reason of its effect or likely effect on the quality or sufficiency of water supplied by it gives rise to a significant risk to health of persons to whom water is supplied;
- (b) any other matter relating to the supply of water which:-
 - (i) in the opinion of the undertaker is of national significance; or
 - (ii) has attracted, or, in the opinion of the undertaker, is likely to attract significant local or national publicity; or
 - (iii) in the opinion of the undertaker, has caused or is likely to cause significant concern to persons to whom water is supplied.

Within one month of the date of the notification given in accordance with sub-paragraph (2)(b), or such longer period as may in any case be agreed with the Secretary of State, the water undertaker (and Licensee) shall submit a report relating to the event or matter and containing:

- (a) such information as is necessary to supplement the information given in accordance with sub-paragraph (2)(b);
- (b) if samples were taken in connection with the event or matter, particulars of the time at which the samples were taken, the places from which the samples were taken and the results of the analysis of the samples;
- (c) a copy of any report or advice provided to the water undertaker by its medical, scientific or technical advisers, any local authority or district health authority;
- (d) an assessment of the effectiveness of the action taken in respect of the event or matter and of the adequacy of arrangements for liaison with the local authority, the district health authority, the emergency services and the public, and as the case may be;
- (e) a statement of the proposals, if any, for further action identified by the undertaker as being necessary or desirable in the light of the event or matter;
- (f) such other information relating to the event of matter as the undertaker may determine.

Depending on the nature of the incident, there may be a requirement to notify organisations at a Local and National level. At a local level this can include local authorities, emergency services, environment agency, other utility companies, health authorities and local media. National bodies that may need to be informed include DEFRA, DWI, EA, other water companies and national media.

Licensees are required to inform the relevant contact at SWW of any incident that would put SWW at risk of supplying unwholesome water or at risk of committing an offence under section 70 WIA91 and that may affect drinking water quality.

SWW will have established in a major emergency (as defined in section 5.4.1 above) an incident response team driven by the Company Control Centre. In the event that such an emergency affects the Licensee and its customers the communication channels specified in the access agreement will be used. Both Licensee's and customers will initially be informed through the customer liaison work from the SWW incident room that accompanies the incident. Once the initial notification has past communication with Licensee's will be through the account manager specified in the access agreement, who will either liaise with the incident room or pass on the direct contact details that are set up during the incident for the purposes of Licensee communication. Communication channels will be tested as part of emergency planning exercises that Licensees will be expected to contribute to.

The duties of both parties to reporting the incident are as defined in the emergency procedure set out in section 5.5 below.

6.5 Emergency procedure for dealing specific events, issues and incidents

Details of emergency procedures for specific events will be specified in the access agreements, depending on the results of the feasibility study. By default, any situation where the licensee or its customer is uncertain as to how it should be dealt with should be advised immediately to the SWW emergency contact line on 0800 169 1144, with a report on the issue being advised to the routine operational contact as soon as reasonably practicable.

Responsibility of South West Water in the incident are:

- To comply with the legal obligations on water undertakers as set out above
- To undertake customer and media liaison
- To notify customers in cases where public health is or may be at risk

- To liaise with Regulators, including the Health & Safety Executive, DWI, Ofwat and DEFRA.
- To liaise with the emergency services, local authorities and health authorities where necessary.
- To sample and monitor supplies throughout the incident.
- To give notice to the licensee of the incident and to any visits to a customers site during the incident

Responsibility of Licensees in the incident are:

- To comply with legal obligations on Licensees
- To notify their customers of the incident when advised to do so by South West Water
- To arrange for access to their customers' properties for sampling and investigation purposes to SWW.
- To gather and provide information required during the incident.
- To notify SWW of any cause of failure affecting the incident which they become aware of.
- In the event of combined supply, ceasing input of any supply that is contaminated.
- In the event of combined supply, follow any direction from SWW to alter the supply during the duration of the incident.

6.6 Customer protection

6.6.1 Special consumers

Special consumers are those who require additional services from a water company. This might include those requiring water for medical purposes or need information supplied to them in Braille. It is the responsibility of the Licensee to identify such special consumers and to notify SWW of any changes to their needs where these are supplied to an eligible customer. SWW will inform licensees of any special consumers who occupy, or are likely occupy any premises that the licensee is proposing to supply. Licensees can outsource this service for meeting the needs of special consumers to a third party, or to SWW.

6.6.2 Large scale customer warning procedures

Where Licensees identify that customers wish to continue to receive the same information as other large user customers, such as on water quality or on water efficiency, this should be identified during negotiation of the access agreement and reflected accordingly in the access price.

Where SWW has a procedure to notify all users within a geographic area of a network Licensees may choose for their customers to continue to receive these notifications. Under emergency procedures they will continue to receive such notifications in emergencies in any case.

6.6.3 Emergency compensation payments

Licensees can choose as part of the access agreement how compensation for emergency situations should be dealt with. It is then up to the Licensee how they compensate their customers. As SWW has no relationship with the customer compensation will not be paid directly for any situations, unless otherwise statutorily required to do so. Any specific cases where SWW is directly at fault will be dealt with on a case by case basis.

6.6.4 Emergency operation planning exercises

Licensees are required to co-operate with any emergency operation planning exercises that SWW organise. Sufficient notice to Licensees will be given of these exercises which are required to test that emergency procedures are working.

6.7 Support processes

6.7.1 Arrangements for press liaison

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

6.7.2 Arrangements for dissemination of severe weather warnings

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

6.7.3 Emergency contacts

SWW have a duty to maintain a register and procedure for emergency contacts. Licensees have a responsibility of informing SWW of any changes to contact or of any other information that would result in a change to the emergency contact procedure. The issue of emergency contacts should be a standing agenda item at an annual meeting between SWW and the Licensee.

6.7.3.1 Responsibility of SWW

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

6.7.3.2 Responsibility of licensees

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

6.8 Reportable situations

Where there are events in the public water supply network, at a licensee's source or events that are reportable to external bodies such as the DWI, HSE, EA and Environmental Health, licensee's must also inform SWW. SWW will inform licensees where they are aware of any reportable situations that affect either the licensee's source or its customer.

6.9 Disconnection

Water undertakers can disconnect customers' premises when it is necessary for the purpose of carrying out works where it is reasonable to do so, at the request of the consumer (the person liable to pay charges to the undertaker), to prevent contamination or waste and for non-payment of non-domestic charges.

The access agreement will set out the circumstances in which SWW will disconnect a licensee's customer at a licensee's request. SWW cannot disconnect a licensee for non-payment of charges unless the licensee also occupies the premises.

SWW may disconnect a service pipe or otherwise cut off a supply of water to any premises if a notice is received from the consumer specifying the time after which a supply of water to those premises will no longer be required. The access agreement will specify what impact this has on the supply arrangement. However, where the premises is of mixed-use, the interim supply duty provision on SWW means that the SWW has to ensure that the premises can continue to receive a supply of water from SWW.

If the licensee serves a notice of disconnection, the licensee will cease to supply the customer premises with water at which point the interim duty to supply will apply unless this puts the existing supply of SWW at risk or would require unreasonable expenditure to do so.

6.10 Licence breach

Where the licensee breaches its condition of appointment, whether by act or omission, that is likely to affect the:

- Safe and economic operation by water undertakers of their supply systems on a day-to-day basis;
- Efficient balancing of the supply system by the water undertaker;
- Proper functioning of access and wholesale agreements; or
- Quality of water conveyed through the system;

SWW can appeal to Ofwat. If the breach is so serious that a licence is withdrawn then the licensee will cease to be a supplier to customers. DWI will be responsible for taking enforcement action for any breaches of statutory duties relating to water quality, which may also inform Ofwat to consider revoking a licence. Ofwat can make an order under section 18 WIA91 where a licensee causes a problem that leaves a water undertaker in breach of any of its main obligations and open to enforcement action. This can also apply if a licensee continuously fails to meet contractual or statutory obligations in a minor way or fails to meet contractual or statutory obligations in a significant way. Ofwat can also revoke a licence if information supplied by a licensee to a water undertaker is false or misleading.

SWW reserve the right to terminate the supply in certain circumstances under WIA91 for emergency works.

PART 7 – Customer contact arrangements

7.1 Customer contact arrangements for operational queries and complaints

Customer contact for operational queries and complaints, except in an emergency, should be made through the Licensee. If operational queries and complaints are made direct then SWW will inform the licensee and then progress the issue using the normal procedure.

7.1.1 Customer meter reading

Licensees will be responsible for arranging for a customer meter reading and providing it to SWW on a monthly basis. SWW will make its own meter reading for audit and network balancing purposes as required, normally on a six monthly basis.

7.1.2 Billing and debt collection

SWW will bill licensees for water used under the access agreement on a monthly basis. Separate bills will cover other services and network rebalancing charges/credits as necessary. Payment terms with licensees are a standard 30 days after date of invoice, unless otherwise agreed in the access agreement. Interest can be charged on bills outstanding after this period at an interest rate consistent with that used in calculating the access price discount, up to the amount of this discount, where an access price discount has been offered on the basis of better payment terms being received from the licensee than that achieved with the existing customer. Where this situation does not apply, the interest rate used for late payment would be the same as that SWW would have applied to that outstanding large user customer's bill had the late payment occurred before switching to the licensee.

Where a licensee regularly fails to meet the payment terms specified in an access agreement, SWW may terminate the supply agreement with the licensee. The customer will return to SWW if the interim duty to supply obligation applies, or else by agreement with the customer. SWW will inform the customer of the changes to the supply arrangement under the interim duty of supply obligation and the customer will revert to the standard tariff and payment terms that apply to that customer for the period of the interim duty to supply obligation.

7.1.3 Operational issues

Sewerage or trade effluent queries from a customer that has switched to a licensee should still be received direct from the customer concerned. SWW will consider licensee joint water and sewerage billing arrangements during negotiation of the access agreements.

7.1.4 Complaints handling processes

Complaints from a customer should be managed through the Licensee in the first instance. Where SWW fails to resolve a complaint to a Licensee and the customer's satisfaction they can refer the matter to CCWater and Ofwat should the matter be of significant concern. The annual meeting between SWW and the Licensee should review complaints that have emerged over the previous year and how these have been resolved to ensure that unresolved matters are minimised.

Licensees should ensure that customers are aware that they can complain directly to SWW where there is a matter that they feel it necessary to bring to our attention. In most cases it will be appropriate for SWW to inform the Licensee where this happens and the customer will be made aware of this.

7.1.5 Obligations on SWW

SWW will deal with all complaints in an open and constructive manner and will make Licensees aware of any issues that may be significant to the customer. Customers will be advised of the contact in the access agreement for dealing with customer and licensee complaints about the service provided by SWW. Where complaints are received, the response will be provided to the contact at both the customer and the licensee that is specified in the access agreement as appropriate.

7.1.6 Obligations on Licensees

Licensees should make SWW aware of any issues promptly and constructively so that they can be resolved without the need for escalation where possible. Licensees will be advised of the contact in the access agreement through which issues raised to them by customers of which SWW should be made aware of as it is impacting the service that SWW is providing. Where such complaints are received, the response will be provided to the contact at the licensee that is specified in the access agreement. Where the licensee agrees on a case by case basis, the response to complaints raised may also be copied direct to the customer contact specified in the access agreement.

7.2 Customer contact arrangements for emergencies and events

7.2.1 Special consumers

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

7.2.2 Large scale customer warning procedures

Where a large number of customers, including special consumers and the licensee's customers, need to be informed as soon as possible of an incident, SWW will inform the licensee as soon as reasonably practicable where such an incident that has resulted in the large scale customer warning procedures operating has taken place. This ensures that licensee's customers receive the same important information as other customers.

7.2.3 Obligations on SWW

SWW is obliged to establish customer contact arrangements for emergencies and events, in particular:

- To have processes in place for special consumers and to inform the licensee when these processes have been required.
- To test the processes regularly.
- To inform licensees of situations where large scale warning procedures have been implemented to advise customers, including licensee's customers, of an incident.
- To have processes in place that informs the licensee when the licensee's customers have had to contact SWW about an incident.

7.2.4 Obligations on licensees

Licensees are required to inform SWW of any changes to the information on customer's particular needs to which it becomes aware, in particular obligations to:

- Provide their customers with emergency contact details and inform them of the contact procedures.
- Provide SWW with the information necessary where incidents have affected their customers.
- To identify special consumers and to ensure that the information concerning them provided to SWW is accurate and up to date.
- To test the contact procedures regularly.

PART 8 – System connections

SWW has the following duties with respect to network connections:

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

8.1 Connection of Licensee's source to network

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

Licensees can arrange for this connection to the SWW network to be made by SWW or can arrange this work themselves under a self-lay agreement, the guidance for this regime can be found on the Ofwat website. Guidance for developers on the SWW website also explains how the self-lay arrangements operate. The choice that licensees make in this area should be established at the latest during the detailed application phase.

8.2 Connection of qualifying premises to the network

Qualifying premises will normally be already connected to the SWW network. No change in ownership of pipes or meters is required under the water supply licensing regime. Where licensees identify that a new connection is required, for instance to the licensee's source direct to the customer's site, then this should be identified at the detailed application phase at the latest. Details of meter location and connections will be required to be provided to the sewerage undertaker where this is not SWW, although this arrangement is unlikely in the SWW region.

Any pipes laid under section 66B of WIA91 will vest with SWW as water mains.

8.3 Connection of secondary undertaker's network to the primary undertaker's network

Where a licensee requires a secondary undertaker's network to be connected, it is the responsibility of the licensee to arrange this with the secondary undertaker. Details of this connection should then be provided at the detailed application phase and any issues identified by SWW should be communicated by the licensee back to the secondary undertaker. Self lay agreements will need to be made with both SWW and the secondary undertaker if the licensee requires this option.

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

Any pipes laid under section 66C WIA91 will vest with SWW as the Primary Water Undertaker as water mains.

PART 9 – Legal contract and disputes resolution

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

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

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

For wholesale supply, the legal contract will take the form of the common contract, unless otherwise agreed.

9.1 Contract terms

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

9.1.1 Recitals

The terms in the contract will be limited and subject to any decisions made by Ofwat as to their validity under the guidance they issue on the Water Supply and Sewerage Licensing regime.

9.1.2 Definitions

A list of terms used in the Contract will be defined.

9.1.3 Conditions precedent

This will include a clause setting out the requirement for the Licensee to maintain a license from Ofwat in order for the rights under this contract to apply.

9.1.4 Permission to access the network re. the Contract in question

Specifying the nature of the permitted access, abandonment by the Network User of any proprietary rights to the water introduced by him to the Network, and dealing with any capital works necessary to facilitate common carriage using the Network.

9.1.5 Acceptance of Network Access Code

The access agreement will include a clause accepting the validity of the network access code.

9.1.6 Modifications

Specifying that any modifications to this contract must be appended to the contract in writing.

9.1.7 Ownership of Network / Vesting

The licensee will not become the owner of any of SWW's facilities, even where the licensee has contributed to the improvement of the facilities. A clause will specify the rights and the obligations that arise from water supply licensing.

9.1.8 Material change

It will be specified that changes to the terms and conditions of the agreement can be made in certain circumstances, including new or amended legislation or from a required change to the network access code.

9.1.9 Liability

A clause limiting the liability of both parties in respect of certain claims.

9.1.10 Force majeure

A definition of the events (generally those events over which the parties or one of them does not have direct control) in relation to which the agreement may be suspended for the duration of the force majeure event and the pre-conditions which must be satisfied before this clause will operate.

9.1.11 Exclusions

A clause excluding certain circumstances from being covered by the terms of this agreement.

9.1.12 Indemnity

Requiring both parties to indemnify the other against any costs, liabilities, expenses etc which arise from any default, including any criminal liability to the extent that that is permitted by public policy.

9.1.13 Duration

A clause specifying any duration over which the contract will apply. Access agreements are likely to have a specific end point, particularly for combined supply. Wholesale Master Agreements are unlikely to have a specific end point but may include review periods should circumstances change or if the agreement has been inactive for a period of time to be agreed.

9.1.14 Termination

The circumstances, if any, which entitles a party to terminate the Contract, the period of notice required to effect such termination and the consequences of termination. A clause will also specify in what circumstances parties will be deemed to be in breach or default and the action to be subsequently taken.

9.1.15 Emergency suspension

A clause specifying the emergency circumstances under which the contract can be suspended.

9.1.16 Back up supplies

A clause specifying the actions to be taken should SWW be required to provide back up supplies and the liability for payment of charges in such circumstances.

9.1.17 Payment

A clause requirement payment for capital works, any infrastructure charges deemed payable, access charges, network balancing charges, methods of payment, liability for interest and action to be taken in the case of non payment.

9.1.18 Dispute resolution

A clause allowing disputes to be settled using Ofwat's dispute resolution procedures. Where this does not apply a clause allowing disputes to be settled by arbitration in accordance with the Arbitration Act 1996.

9.1.19 Notices

A clause to specify the mechanics of serving notice pursuant to the Agreement upon the other party.

9.1.20 Assignment and Alienation

A clause limiting assignment to the circumstances when the contract can be assigned to another party.

9.1.21 Variations

A clause specifying that all amendments must be agreed in writing

9.1.22 Waiver

A clause providing that the failure to exercise a right or remedy will not constitute a waiver.

9.1.23 Severability

A clause specifying the intention of the parties that, in the event that any clause or part of a clause is found to be invalid, that the clause or part thereof would be severed from the remainder of the Agreement or clause and that the parties would be expected to agree alternative wording.

9.1.24 Entire agreement

A clause specifying that the Agreement and the documents attached to it constitute the entire agreement

9.1.25 Jurisdiction

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

9.1.26 Confidentiality

A clause which defines confidential information and stipulates the basis upon which the parties may use or disclose such information, subject to the provisions of the Freedom of

Information Act and Environmental Information Regulations. Reference may also be made to the confidentiality agreement already in place between the parties.

9.1.27 Insurance

A clause requiring the Network User to carry certain insurances e.g. public, product and employer liability insurance amongst others.

9.1.28 Third party rights

A clause limiting third party rights to those specified in the agreement.

9.1.29 Compensation

A clause limiting compensation to those situations specified in the agreement.

9.1.30 Provision of bonds and guarantees.

Such a provision will not normally be included in the access agreement entitling SWW to call in the bond or the parent company guarantee as the case may be, in the event of default. The provision of bonds and guarantees will only be required where they are already applied to the customer or where the licensee agrees to the provision of the bond or guarantee on the basis that it is consistent with the basis on which the price in the access agreement has been offered. If the licensee does not agree to the provision of a bond or guarantee then none will be required.

9.1.31 No Partnership/Agency

A clause specifying the fact that there is no partnership/agency between the parties and requiring the Licensee to obtain consent before using SWW's name and logo for any purpose.

9.1.32 Credit provisions and limits

A clause specifying the credit limits on the licensee's account and the provisions that relate to this limit.

9.1.33 Customer contact and customer services

A clause specifying specific requirements of the end customer in relation to the agreement and the methods of contact the end customer must use in communication with SWW.

9.1.34 Health and Safety procedures

Any health and safety requirements in relation to the contract

9.1.35 Emergency procedures

Action and communication processes to be carried out in the event of an emergency situation

9.1.36 Water quality and contingency procedures

Action to be taken to monitor water quality and when the water quality varies from the agreed parameters.

9.2 Arbitration and dispute resolution process

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

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

Ofwat's determination procedure and powers cover:

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

9.2.1 Negotiation

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

9.2.2 Conciliation

If the Licensee and SWW agree then an expert can be appointed to conciliate and assist with further discussions should negotiation not resolve the dispute. The parties should agree on an expert, which could include the Company's independent technical expert (the role formally known as Reporter) or local CCW representative. The costs of this stage should be shared equally between the parties.

9.2.3 Mediation

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

9.2.4 Arbitration

This effectively is use of the Ofwat determination process. Both parties may agree to seek Ofwat's help on the point of dispute in an informal non-binding way rather than seeking a

specific determination. Where licensees seek a determination, this requires SWW to set out what it intends to do to resolve the dispute and then for the licensee to formally seek a determination from Ofwat, binding on SWW, of what the resolution should be.

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

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

PART 10 – Access pricing

SWW is responsible for the production of access pricing in line with the cost principle and is responsible for publishing indicative access prices.

Although the cost principle set out below still exists in legislation at the time of preparing this Access Code, under the Water Act 2014 provisions exist that, once enacted, will remove the costs principle from legislation and replace it with a new charging regime based on Ofwat charging rules developed in the light of Government charging guidance. Ofwat's expectations are now that companies will base access prices initially on wholesale charges consistent with the wholesale revenue controls in place for 2015-20.

The efficient component pricing/retail minus approach on which access charges must be calculated can be rationalised using the following formula:

$$C = T + E - S$$

where –

C is the access charge

T is the tariff formerly payable by the licensee's customer to SWW

E is the expenses incurred by SWW under sections 66A – 66C WIA91

S is the savings to SWW of no longer having to supply the licensee's customer.

In the section below we set out a description of the methodology used in calculating indicative prices and case specific prices. The approach is based on the access prices being consistent with water wholesale tariffs. The wholesale tariffs are based on a standing charge that varies with the meter size and the volumetric tariff or tariffs appropriate for the volume of use for a particular customer. For indicative access prices assumptions are made as to the appropriate tariff for example customers, with the total cost converted for presentation purposes into a volumetric rate. The wholesale price can vary if retailers wish to pay in advance rather than in arrears.

For unmeasured customers a different structure of wholesale tariffs exists.

From 2015/16 default tariffs for a standard level of service that customers receive from South West Water have been published. These reflect the difference between the end user tariffs and the wholesale tariffs and allow recovery of the relevant costs and net profit margin for that group of customers. Each default tariff reflects a different structure of wholesale charges. For a customer on a non-default tariff, the same wholesale charge applies.

For licencees with a wholesale authorisation, an additional discount for new entrants will be calculated based on the cost avoided from this introduction of water.

10.1 Indicative access prices

SWW will calculate the following indicative prices. In each case prices will be given for each year of the current and following five years.

- Wholesale Indicative Prices for a 5MI p.a., 25MI.p.a., 50MI p.a. and for a 500MI p.a. usage eligible customer.
- Wholesale authorisation indicative prices for the Wimbleball water resource zone for a 50MI p.a. eligible customer and a 500 MI p.a. eligible customer for a contract starting in each year of the remainder of the price control period.

- Wholesale authorisation indicative prices for the Roadford water resource zone for a 50MI p.a. eligible customer and a 500 MI p.a. eligible customer for a contract starting in each year of the remainder of the price control period.
- Wholesale authorization indicative prices for the Colliford water resource zone for a 50MI p.a. eligible customer and a 500 MI p.a. eligible customer for a contract starting in each year of the remainder of the price control period.

There are no 500 MI p.a. eligible customers in the Wimbleball or Colliford Water Resource Zones but indicative prices are still published for these zones in order to comply with Ofwat's previous guidance.

10.1.1 Indicative prices methodology

Calculation of indicative prices begins with the same wholesale price used in wholesale price calculations. For each of the scenarios in each water resource zone a separate calculation is undertaken to establish the change to the water resource investment program that results from the licensee inputting water equal to the demand estimate for the eligible customer concerned. The following are the key assumptions used in calculating the indicative prices:

- Where no relevant capital expenditure is planned to be undertaken by South West Water then the marginal treatment cost of the water input is the ARROW saving (with the retail indicative saving in addition).
- If capex investment has been made but no additional water is yet input (i.e. the investment is over several years) then a proportionate amount of Capex to the supply demand balance is used in calculating the ARROW saving.
- The investment saving is based on an average for the scheme or schemes in that zone in a particular year rather than an analysis of which individual schemes are likely to be the first to be saved from the licensee input of water.
- Where SWW have resource schemes that subsequently allow the transfer of water between water resource zones this potential has been ignored for the purposes of calculating indicative prices. Scheme costs are shared between zones on the basis of share of the water in supply benefit from the scheme.
- If this scheme has associated opex in that year then this is saved in proportion to the capex rather than the marginal treatment cost of water being saved (i.e. the marginal treatment cost of water from that scheme is saved).
- When the water input by the SWW investment is greater than the licensee input then the total cumulative investment will equal the original water resource plan in that year (i.e. the investment catches up any delay from the licensee's input).
- Opex is saved in proportion of the increase in supply demand balance from the introduction of water, or to the total water increase as a result of the investment if the supply demand balance remains negative. This variable opex cost saved is calculated from separately for each Water Resource Zone.
- If the ARROW costs would result in a negative access price then an NPV for this is calculated over the remaining life of the contract (this may go beyond the time period for which indicative prices are calculated for however).
- We do not assume prior knowledge of the entry in years before the contract starts (i.e. if capex investment starts it is not deferred in years before the licensee first introduces water even if the water coming from the investment does not arise until after the contract is assumed to have started).

10.2 Indicative prices in this document

10.2.1 Introduction

Although the cost principle set out below still exists in legislation at the time of preparing this Access Code, under the Water Act 2014 provisions exist that, once enacted, will remove the costs principle from legislation and replace it with a new charging regime based on Ofwat charging rules developed in the light of Government charging guidance. Ofwat's expectations are now that companies will base access prices initially on wholesale charges consistent with the wholesale revenue controls in place for 2015-20.

Many of the assumptions used to calculate case specific access prices will vary with those used to calculate indicative prices. Examples of how these are likely to vary are given elsewhere in the Access Code document. As we make clear, case specific indicative prices will depend on many factors, including location and previous licensee inputs. Therefore licensees should not take indicative prices as an assessment of the likely discount that will be offered on entry without discussing case specific details and indicative prices further with SWW. The indicative prices can only be used by Licensees to establish some of the issues that will need to be addressed in calculating case specific indicative prices. It will also help to identify areas of the SWW region in which it may be possible for the introduction of water by licensees under combined supply may allow SWW to defer some supply demand investment schemes.

10.2.2 Contacts

Any licensee or customer who wishes to discuss the indicative prices in more detail or requires more detail of the timing and potential for deferral of supply demand investment schemes to be undertaken by SWW should contact:

Matthew Woolcock
Risk and Compliance Manager
Peninsula House
Rydon Lane
Exeter
EX2 7HR
riskandcompliance@southwestwater.co.uk
(01392) 443666

10.2.3 Background to the SWW water supply network

SWW will calculate the following indicative prices. In each case prices will be given for each year for of the remainder of the price control period.

- Indicative prices for the Wimbleball water resource zone for a 50MI p.a. and 500 MI p.a. eligible customer for a contract starting in each year of the following 5 years.
- Indicative prices for the Roadford water resource zone for a 50MI p.a. eligible customer and a 500MI p.a. eligible customer for a contract starting in each year of the following 5 years.
- Indicative prices for the Colliford water resource zone for a 50MI p.a. and 500MI p.a. eligible customer for a contract starting in each year of the remainder of the following 5 years.
- Indicative priced for the Bournemouth single water resource zone for 50MI p.a. eligible customer and a 500MI p.a. eligible customer for a contract starting in each year of the following 5 years.

There are currently no 500MI p.a. eligible customers in the Wimbleball or Colliford Water Resource Zones but we are still required to publish indicative prices.

The maps in Appendix D give an indication of the SWW supply network and how the region is split between these three Water Resource Zones (also known as Strategic Supply Areas), along with the major population centres, rivers and reservoirs.

10.2.5 Indicative prices

Indicative prices are given below for each Water Resource Zone, for 50MI and 500MI entry where relevant to that zone and on the basis of the licensee inputting a volume equivalent to the whole of the customers' needs into the water supply network so that the eligible premises can be served without any additional operating costs being incurred as a result. These prices are shown in 2017/18 tariff prices. (See Appendix E and F)

Where variable opex cost saved this is calculated from separately for each Water Resource Zone. For the purposes of indicative price calculation, Water resources and treatment costs, excluding EA Service charges, plus Water Distribution power and material costs are all potentially avoidable by licensee common carriage input, depending on the nature and the location of the input. Other water distribution costs and most general and support overheads would not be avoided by common carriage. Water distribution contracting and manpower consists of leakage expenditure which would in general not be avoided given SWW's stable leakage target and supply demand deficit. Case specific prices would consider costs at the specific works and specific pipes where costs could be avoided, along with the avoided investment in the supply demand balance.

10.2.6 Supply demand balance and investment

The table below shows supply/demand balances (deficits shown as negatives) before SWW future investment until 2040. The published Water Resources Management Plan shows surpluses in supply demand (and water available for trading) out to 2045. No schemes that would be deferred by an input of water by a licensee are therefore available in the time horizon for Water Resource Management Plans of 2040.

Supply demand (deficit)/surplus before SWW investment (MI/d)							
	Wimbleball	Roadford	Coliford	Bournemouth			
2014/15	9.87	40.08	14.83	45.22			
2015/16	10.66	36.87	15.86	45.08			
2016/17	11.19	35.72	16.48	45.37			
2017/18	11.65	36.54	16.95	45.74			
2018/19	12.02	37.16	17.30	46.10			
2019/20	12.36	37.69	17.56	46.47			
2020/21	12.59	38.02	17.72	46.89			
2021/22	12.79	38.68	17.96	47.30			
2022/23	12.96	39.31	18.16	47.74			
2023/24	13.11	39.92	18.32	48.24			
2024/25	13.22	40.44	18.47	48.69			
2025/26	13.35	40.94	18.61	48.74			
2026/27	13.40	41.17	18.64	48.90			
2027/28	13.45	41.38	18.68	49.02			
2028/29	13.50	41.58	18.72	49.07			
2029/30	13.52	41.75	18.74	49.12			
2030/31	13.55	41.90	18.76	49.19			
2031/32	13.55	41.97	18.70	49.20			
2032/33	13.54	42.04	18.64	49.18			
2033/34	13.55	42.05	18.58	49.23			
2034/35	13.54	42.09	18.52	49.26			
2035/36	13.53	42.13	18.46	49.19			
2036/37	13.51	42.13	18.37	49.13			
2037/38	13.48	42.10	18.26	49.14			
2038/39	13.45	42.08	18.16	49.07			
2039/40	13.42	42.05	18.06	49.16			

10.3 Methodology for case specific prices

Under the WSSL Water Supply Licensing regime the calculation of case specific prices are based on a different set of assumptions from the indicative prices. Whilst indicative prices have been calculated under a standard set of assumptions, these may not apply to a specific case. The nature of each access requested will determine how each case specific price is calculated.

Unlike indicative prices, separate fixed and volumetric discounts will be offered, although the precise mix of this can be varied by agreement with the licensee and incorporated into the access agreement.

Case specific supply access prices will be based on a recalculation of the water resources plan. The introduction of the licensee's water may result in the deferment of one or more water resource schemes that were allowed by Ofwat at the most recent price review. Where one or more of these schemes can be deferred then the net change in cost that results will result in an ARROW cost saving.

The application process will also identify any differences in the volume of water to be treated at specific SWW water treatment works. The unit cost of treatment at these works will be used to calculate ARROW costs (as opposed to the average cost throughout the zone used in the indicative prices). Which works these are will depend on the location of the licensee's source and customer after taking into account any changes in flow of water necessary through the network. These calculations should be consistent with the connectivity assumed in determining the eligibility of the source compared to the customer for combined supply.

Any other physical changes in costs or the network that are identified in the feasibility study at the detailed application phase may also result in an ARROW cost or an additional expense to be recovered through the access price. Examples of this could include:

- Changes to pumping costs.
- Changes to leakage costs (assuming that the overall leakage target is still met after the access).
- Changes to booster chlorination requirements.
- Costs of blending or mixing water.
- Changes to plumbosolvency control costs.
- Specific reinforcement costs.
- Selling physical assets and land.
- Trading water available through abstraction licenses or through bulk or secondary supplies.

10.3 Regime costs

No regime costs are estimated or forecast.

APPENDIX A

Draft confidentiality agreement

DATED

2018

SOUTH WEST WATER LIMITED

- and -

[NEW LICENSEE]

CONFIDENTIALITY AND DATA TRANSFER AGREEMENT

Helen Barrett-Hague
Group General Counsel and
Company Secretary
Pennon Group Plc
Peninsula House
Rydon Lane
Exeter
EX2 7HR

Tel: (01392) 443784
Mob: 07788 391586

THIS AGREEMENT is made the day of Two thousand and

BETWEEN:

- (1) **SOUTH WEST WATER LIMITED** whose Registered Office is situate at Peninsula House Rydon Lane Exeter Devon ("SWW"); and
- (2) **[NEW LICENSEE LTD]** whose Registered Office is situate at [.....] ("New Licensee")

WHEREAS:

- (a) SWW and the New Licensee ("the Parties" and individually "a Party") hold certain information pursuant respectively to their functions as a statutory water undertaker and the [holder of / applicant for] a Water Supply Licence under the provisions of the Water Industry Act 1991 which information is of a confidential nature
- (b) The Parties for their mutual benefit may have exchanged and wish to further exchange Confidential Information and wish to protect such information in the manner set out in this Agreement

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Interpretation

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

- 1.1 "Authorised Representative" shall mean any employee, director, officer or professional and financial advisor of the receiving Party
- 1.2 "the Contractual Obligations" means the terms conditions and obligations of the parties under this agreement
- 1.3 "document" includes any hard copy or any other data record whether created or stored by -electronic mechanical photographic manual or other means
- 1.4 "Exempted Information" shall mean any information or category of information, document, report, contract or other material containing information relevant to this Agreement that has been designated by the

- mutual agreement of the Parties as potentially falling within an EIR Exemption;
- 1.5 “EIR” shall mean the Environmental Information Regulations 2004 which shall include any amendment, modification, consolidation, re-enactment or replacement of the same;
- 1.6 “EIR Exemption” shall mean any applicable exemption to the EIR;
- 1.7 “the Project” means any correspondence discussions negotiations research or other work within or between the Parties or with the Office of Water Services or with or between their professional advisers concerning or in connection with the proposal set out in the Second Schedule hereto has the meaning ascribed to it by the Second Schedule
- 1.8 “the Provider” means the Party which owns or originates the Confidential Information and which through its employees servants agents or any other person provides intentionally or unintentionally such information to the other Party its employees servants or agents whether directly or indirectly
- 1.9 “the Recipient” means the Party which through its employees servants or agents or any other person or agency receives whether intentionally expressly or otherwise Confidential Information relating to this Agreement directly or indirectly from the Provider
- 1.10 “Confidential Information” has the meaning ascribed to it by the First Schedule

2. Transfer of Information

- 2.1 The Confidential Information or such part or parts as the Provider at its entire discretion determines shall be supplied to the Recipient in the form of paper copies electronically or otherwise
- 2.2 The Party supplying or returning the information to the other shall be responsible for the safe delivery of the same.
- 2.3 The Recipient shall hold the Confidential Information to the order of the Provider

3. Obligations of Recipient

3.1 The Recipient hereby undertakes;

3.1.1 to use all and any of the Confidential Information so disclosed exclusively for the Project

3.1.2 to maintain confidential all Confidential Information that he may acquire in any manner

3.1.3 to indemnify the Provider against any loss or damage which it may sustain or incur as a result of any breach of confidentiality by the Recipient his servants agents or employees

3.1.4 except as authorised in writing by the Provider not directly or indirectly to use or disclose any of the Confidential Information in whole or in part save for the Project and in accordance with this Agreement

3.2 The Parties warrant their right to receive the Confidential Information from Provider and to process the same for the purposes of the Project

4. Obligations of Provider

Each Party warrants its right to disclose the Confidential Information which it transfers to the other and so far as it is able and is required to do authorises the Recipient to use the same for the Project

5. Restrictions on use of Information

5.1 The Parties hereto agree that except as herein provided no commercial use of the Confidential Information nor any information derived extracted or calculated from it or any part thereof shall be made without the prior written consent of the disclosing party

5.2 The Parties hereby confirm that they are registered under the 98 Act to process such part or parts of the Confidential Information as constitutes personal data for the purposes of the 98 Act or is used in or which may result from the Project and will maintain appropriate registrations for the same throughout the duration of this Agreement

5.3 The Parties hereby acknowledge that the inclusion of a name and address within the Confidential Information shall not be construed as meaning that the person or business has consented to:-

5.3.1 the processing of data for any particular purpose;

5.3.2 the receipt of unsolicited telephone calls;

5.3.3 the receipt of unsolicited faxes;

5.3.4 direct marketing as defined in Section 11 of the Data Protection Act 1998; nor

5.3.5 unsolicited electronic communications.

6. Confidentiality

- 6.1 Subject to clause 7 in consideration of the mutual exchange and disclosure of Confidential Information each Party undertakes in relation to the Confidential Information disclosed to it by the other Party either until such time as the Parties agree that this Agreement shall be superseded by other confidentiality obligations contained in a separate written agreement or until this Agreement is terminated in accordance with clause 8 :-
- 6.2 to treat all and any of such Confidential Information as confidential and secret and not use any of such Confidential Information for any purpose other than the purpose of evaluating such Confidential Information in connection with the Project;
- 6.3 to take all reasonable steps to protect the confidentiality of the Confidential Information that the degree of protection to be afforded to the Confidential Information is adequate to prevent unauthorised copying or disclosure to use by unauthorised persons
- 6.4 not to disclose any Confidential Information in whole or in part to any third party without the prior written consent of the Provider save to the Recipient's Authorised Representatives who need to know the same for the purpose of evaluating such Confidential Information in connection with the Project;
- 6.5 that they will process the Confidential Information strictly in accordance with the Contractual Obligations and the 98 Act;
- 6.6 that in respect of the Confidential Information it will take all reasonable steps and exercise no lesser precautions security measures and degree of care which it would practise to protect its own confidential information and personal data.
- 6.7 to bear its own costs in connection with fulfilling its obligations hereunder

7. Exceptions

- 7.1 The Contractual Obligations shall not apply to any Confidential Information which the Recipient can prove by documentary evidence produced to the Provider within 14 days of demand discovery or disclosure that such Confidential Information was
- 7.1.1 already known to and in the possession of the Recipient and at his free disposal prior to the disclosure hereunder by the Provider,
- 7.1.2 disclosed to the Recipient without any obligations of confidence by a third party who has a lawful right to receive and disclose the Confidential Information to the Recipient and not derived it directly or indirectly from a confidential source

- 7.1.3 hereafter disclosed by the Recipient with the prior written agreement of the Provider
- 7.1.4 or becomes generally available to the public in printed publications in general circulation in the United Kingdom otherwise than through an act or default in breach of this Agreement on the part of the Recipient
- 7.2 The Parties recognise that they are subject to legal duties, which may require the release of information under the EIR and may be under an obligation to provide information on request. Such information may include matters relating to, arising out of or under this Agreement in any way.
- 7.3 The Parties recognise that each request for information under the EIR must be considered individually.
- 7.4 Notwithstanding anything in this Agreement to the contrary including, but without limitation, the general obligation of confidentiality imposed on the Parties pursuant to Clause 6, in the event that either Party ("the Relevant Party") receives a request for information under the EIR, the Relevant Party shall be entitled to disclose all information and documentation (in whatever form) as necessary to respond to that request in accordance with the EIR PROVIDED ALWAYS that where the information requested is information that has been given to the Relevant Party by the other Party ("the Other Party"), the Relevant Party:
- 7.4.1 shall use reasonable endeavours to consult the Other Party as soon as reasonably practicable and the Other Party agrees to respond to such consultation within 7 days of receiving the consultation notice;
- 7.4.2 shall not disclose any information that the Parties have agreed is Exempted Information and shall rely on the EIR Exemption, at the Other Party's request and cost, and use reasonable endeavours to ensure that the Exempted Information remains withheld, including the lodging of any appeal against a decision by the Information Commissioner in relation to the request;
- 7.5 In the event that the Relevant Party incurs any costs in relation to an EIR request for information which has been passed from the Other Party, including but not

limited to external legal costs, in seeking to maintain the withholding of the information, including but not limited to responding to information notices or lodging appeals against a decision of the Information Commissioner in relation to disclosure, the Other Party shall indemnify the Relevant Party, save that the Relevant Party shall use reasonable endeavours to consult the Other Party before incurring any such costs and comply with all reasonable requirements of the Other Party before incurring such costs and shall permit the Other Party to take over the sole conduct of the matter if it so chooses

8.0 Inclusions

Without prejudice to the generality of clauses 6 and 7 hereof information shall not be deemed to be generally available to the public by reason only that it is known to only a few of those people to whom it may be of commercial or professional interest; and a combination of two or more pieces of the Confidential Information shall not be deemed to be generally available to the public by reason only of each separate piece being so available

9.0 Confidentiality Measures

Without prejudice to the generality of Clauses 6 7 and 8 in order to secure the confidentiality attaching to the Confidential Information the Parties shall inter alia:

- 9.1 keep separate all Confidential Information and all information generated by the Recipient based thereon from all documents and other records of the Recipient
- 9.2 subject to the provisions of Clause 11 keep all documents and any other material bearing or incorporating any of the Confidential Information on premises occupied by the Recipient
- 9.3 shall designate as Authorised Representatives allowed access to the Confidential Information only those employees or agents of the Recipient who have reasonable need to see and use it for the Project and shall ensure that each of the Authorised Representatives is made aware of the confidential nature of the Confidential Information and of the Contractual Obligations on the Recipient and take reasonable steps to ensure such persons comply with these obligations
- 9.4 only with the prior written approval of the Provider make copies of the Confidential Information and only to the extent that the same are strictly required for the purposes of the Project
- 9.5 Not use reproduce transform and store all or any of the Confidential Information other than on premises occupied by the Recipient nor to transmit it by telephonic or any other external electronic medium whatsoever.

10.0 Termination

- 10.1 This Agreement shall commence on the date hereof and shall remain in full force and effect at all times during which the whole or any of the Confidential Information is held by the Recipient whether such information was received before or after the date hereof and that notwithstanding the provisions of this Clause 10 all remedies and causes of action for breach of confidentiality shall endure.
- 10.2 Both parties hereto reserve the right at their sole and absolute discretion to terminate their consent herein contained to the use retention and processing of the Confidential Information supplied to the other party for the purposes of the Project which termination shall operate forthwith on receipt of notification as herein provided.
- 10.3 Any such notification shall also serve as a demand to return the Confidential Information or (at the discretion of the party giving the notice) a demand to destroy all originals and copies of all documents including incorporating or derived from the Confidential Information as set out in Clause 11 hereof
- 10.4 Any such notification shall be confirmed in writing within ten working days.

11.0 Return of Information

- 11.1 Each Recipient shall on the completion of the Project or within one week of a request from the Provider in writing give to the other Provider or (at the other Provider's discretion) itself destroy all the Confidential Information of the Provider and all documents and copies thereof in its possession, custody or control including for the avoidance of doubt Confidential Information contained within computers, word processors or other devices (including computer discs or other information storage equipment) and all documents and other material that bear or incorporate any information containing part of the Confidential Information or derived therefrom and if required in writing furnish the Provider with statutory declarations certifying that no copies or data incorporating the Confidential Information have been retained.
- 11.2 The return or destruction of the Confidential Information shall not release either Party from its other obligations under this Agreement.

12 No Representation, Warranty or Licence

- 12.1 No representation or warranty is made or given by either Party to the other as to the accuracy or completeness of the Confidential Information disclosed by it to the

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

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

12.3 In the event that a Recipient chooses to rely on it or any part thereof it does so entirely at his own risk and the Provider accepts no liability for any loss or damage arising from that reliance.

13 Reference to the Parties

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

14 No Contract

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

15 Notices

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

16 Consequences of Breach

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

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

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

17 No Waiver

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

18 Variation

18.1 No variation or amendment to this Agreement shall be effective unless in writing

and signed by authorised signatories for the Parties.

19 Non-assignment

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

20 Entire Agreement

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

20.2 Nothing in this clause shall, however operate to limit or exclude any liability for fraud.

21 Costs

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

22 Severance

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

23 Governing Law

23.1 The construction, validity and performance of this Agreement shall be governed all

times by English Law and the English Courts shall have non exclusive jurisdiction
in respect thereof.

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

SIGNED on behalf of **SOUTH WEST WATER LTD**

(Signature)

(Position)

This day of 2018

SIGNED on behalf of [**NEW LICENSEE LTD**]

(Signature)

(Position)

This day of 2018

THE FIRST SCHEDULE

(The Confidential Information)

- 1 For the purposes of this Schedule and the interpretation of Confidential Information in this Agreement the expressions Party Parties Provider and Recipient shall include any subsidiary, or associated company of a Party and any employee, director, officer, or professional or financial adviser of the Party any subsidiary, associated or parent company
- 2 Confidential Information shall include any and all information including the Excepted Information whether disclosed or obtained orally in writing electronically or by any other means by the Provider or by a third party whether or not authorised to do so and whether before or after the date of this Agreement together with any reproductions of such information in any form or medium, or any part (s) of such information, that is not in the public domain and relates directly or indirectly or has consequences for the past or existing business or the future proposals of a Party hereto whether or not such information is marked as confidential including:
 - 2.1 commercial, financial, marketing, technical, environmental organisational information relating to or the trading position of the Parties, including any information concerning their customers, potential customers, suppliers, debtors or creditors; and
 - 2.2 information relating to any existing or potential borehole, reservoir or other water resource; any abstraction or treatment works, any treatment process, monitoring, analysis, or pumping, any water quality, pressure, flow rate, valving or other aspect of water supply, treatment, or distribution, employed or proposed by the Parties; and
 - 2.3 information relating to the Parties businesses, affairs, and regulation, including their intellectual property rights, software, programmes, specifications, know-how, trade secrets, reports, agreements, records, data, contractual arrangements, agreements, or systems of the Parties; and
 - 2.4 information relating to the Parties organisation, their officers, directors or employees including their terms and conditions of employment or engagement; and
 - 2.5 Details of the names addresses property details private pipework water consumption leakage quality and other technical operational financial or geographical data relating to
 - 2.5.1 Customers of SWW or the New Licensee;
 - 2.5.2 former Customers or prospective customers of SWW, SWW's predecessor

- statutory water undertakers or the New Licensee;
- 2.6 Details of or any data provided by one party to the other for the preparation of any Water Resources Management Plan under Sections 37A to 37D of the 91 Act
- 2.7 Details of or any data provided by one party to the other for the preparation of any Drought Management Plan under Sections 39A to 39C of the 91 Act
- 2.8 Any personal data as defined in the Data Protection Act 1998 Act (“the 98 Act”) which is now or at any time hereafter in the possession of either Party and which relates to the Project; and
- 2.9 Any information copied derived calculated or extracted from the Confidential Information.

THE SECOND SCHEDULE

(The Project)

- 1. Proposals by the new licensee for the provision of water supply services pursuant to the Water Industry Act 1991.

THE THIRD SCHEDULE

(Addresses for Service of Notices)

- 1. Notices to be served by post or by hand on South West Water Ltd shall be served at Peninsula House Rydon Lane Exeter Devon EX2 7HR
- 2. Notices to be served by facsimile on South West Water Ltd shall be served at telephone number 01 392 *****
- 3. Notices to be served by post or by hand on New Licensee Ltd shall be served at *****
- 4. Notices to be served by facsimile on New Licensee Ltd shall be served at telephone number *****

APPENDIX B Proforma application forms

As standard industry application pro-formas are developed and updated, licensees may choose to use these pro-formas rather the ones included in this access code.

**SOUTH WEST WATER
WSSL WITH AUTHORISATION SUPPLY APPLICATION FORM
INITIAL APPLICATION STAGE**

INITIAL APPLICATION

Licensee Details	
Company Name:	
Registered Address:	
Telephone Number:	
Fax Number:	
Email Address:	
Company Registration Number:	
Ofwat Licensee No:	
Type of Licence held:	
Licensee contact details	
Contact Name:	
Contact Position:	
Contact Address:	
Contact Telephone:	
Contact Fax:	
Contact Email:	
Introduction	
Please give a brief description of your requirements for Water Supply Licensing	
Customer details:	
Name	
Billing Address:	

SWW customer number(s) (if known)	
Water Supply Licensing Customer Transfer Protocol Registration Number (if known)	
Address of eligible premises (if different from billing address):	
OS 10 digit grid reference for eligible customer premises:	
Estimate of water usage eligible for water supply licensing at eligible premises (ML p.a.)	
Description of the nature of water use at the customer's premises	
Is this use seasonal in nature? If so please provide a profile for use over the typical year	
How does the customer usage vary throughout a day	
How is this volume of water expected to change in future years.	
Additional water used at the premises (not included in the total above) as it is by nature household use (MI p.a.)	
N.B. Signed consent forms from the customers expressing their interest in switching supplier should be included with this application.	
Declaration	
I the undersigned, on behalf of the Water Supply Licensee listed above, declare that	

the customer premise(s) listed above is eligible for Water Supply Licensing.	
Signed:	
Name:	
Position & company	
Date:	
Input of water into supply network	
Location of inputs to the network, please provide 10 figure OS grid references	
Nature of source:	
Source Yield (Ml/day): Please identify any peak or seasonal nature of the source expected	
On what basis is this yield predicted?	
Is this a new source or a source in existing use. Please describe current or previous uses.	
Is there existing treatment of water at this source:	
Has an abstraction licence been obtained from the EA for this source? If so then please provide details, such as the termination date and any conditions. If not then please indicate the plan for doing so.	
Please provide licensed quantities hourly, daily	

and annually	
Describe the treatment process used:	
How is it proposed that this source is connected to the public water supply network (if known at this stage)	
If you require SWW to provide this connection then please provide any further details known at this stage here:	
How is water quality at this source to be monitored	
Describe the process to ensure compliance with the Water Supply (Water Quality) Regulations	
What is the average pH, total hardness and alkalinity of the water?	
What is the plumbosolvency of the water supply?	
Please describe any cryptosporidium risk assessment of the supply that has taken place	
Describe the analytical evidence that is proposed to be applied to water quality and its data collection.	
Customer requirements	
When are you likely to require access to begin	
What duration of contract is expected	
Special terms that the customer requires beyond the level of service specified in the access code, including water quality, nature of	

supply, data logging etc.	
Further information	
Please include any information that the licensee requires from SWW in order to progress this application to the details application stage	
Please provide responses to the further information identified by SWW at the initial contact stage of the application.	
Please provide any details of connection requirements into the network that may help to identify the possibilities for the flow of water from your source to the customer premise.	

As standard industry application pro-formas are developed and updated, Licensees may choose to use these pro-formas rather the ones included in this access code.

**SOUTH WEST WATER
WSSL WITH AUTHORISATION SUPPLY APPLICATION FORM
DETAILED APPLICATION STAGE**

COMBINED WATER SUPPLY DETAILED APPLICATION

Licensee Details	
Company Name:	
Registered Address:	
Telephone Number:	
Fax Number:	
Email Address:	
Company Registration Number:	
Ofwat Licensee No:	
Type of Licence held:	
Licensee contact details	
Contact Name:	
Contact Position:	
Contact Address:	
Contact Telephone:	
Contact Fax:	
Contact Email:	
Introduction	
Please give a brief description of your requirements for Water Supply Licensing	
Customer details:	
Name	
Billing Address:	

SWW customer number(s) (if known)	
Water Supply Licensing Customer Transfer Protocol Registration number (if known)	
Address of eligible premises (if different from billing address):	
OS 10 digit grid reference for eligible customer premises:	
Please provide a detailed diagram of the customer premises identifying meters, fire hydrants and connection points. This should show points of entry and exit with water mains. Where an eligible site has multiple customers, premises or has household users, please indicate these on the diagram, including any transport infrastructure or other separators between buildings on the diagram.	
Please give details of any common	

management arrangements that the customer has.	
Please provide details of the types of meters used on the site	
Please provide details of the fire hydrants on the site	
Estimate of water usage eligible for water supply licensing at eligible premises (ML p.a.)	
Description of the nature of water use at the customer's premises	
Is this use seasonal in nature? If so please provide a profile for use over the typical year	
How does the customer usage vary throughout a day	
How is this volume of water expected to change in future years, over the length of contract proposed.	
Additional water used at the premises (not included in the total above) as it is by nature household use (MI p.a.)	
Declaration	
I the undersigned, on behalf of the Water Supply Licensee listed above, declare that the customer premise(s) listed above is eligible for Water Supply Licensing.	
Signed:	
Name:	
Position & company	
Date:	
Input of water into	

supply network	
Location of inputs to the network, please provide 10 figure OS grid references	
Nature of source:	
Source Yield (Ml/day): Please identify any peak or seasonal nature of the source expected.	
On what basis is the deployable output of the peak and average yield predicted:	
Please give details of any pumping test used to confirm this reliable yield	
Is this a new source or a source in existing use. Please describe current or previous uses.	
Is there existing treatment of water at this source:	
Please provide a copy of the EA abstraction license for the proposed source	
Please provide licensed quantities hourly, daily and annually	
Describe the treatment process used:	
How is it proposed that this source is connected to the public water supply network (if known at this stage)	

Please give details of contingency arrangements for this supply during drought periods.	
How does the licensee intend to ensure the reliability of its source?	
What back up mechanisms does the licensee have in place to ensure that the quality and volume of the flow of water from its source can be maintained?	
Please provide a copy of the risk assessment covering prevention of pollution incidents, security and vandalism at the source.	
How does the licensee intend to provide the connection of this source to the water main? If self lay is to be used then a contact with the SLO organisation to be used is required as SWW will make the final connection to the water main (after acceptance testing) once the pipework to the licensee's source has been laid.	
How is water quality at this source to be monitored	
Describe the process to ensure compliance with the Water Supply (Water Quality) Regulations	
What is the average pH, total hardness and alkalinity of the water?	
What is the plumbosolvency of the water supply?	
Please describe any cryptosporidium risk assessment of the supply that has taken place	

Describe the analytical evidence that is proposed to be applied to water quality and its data collection.	
How does the licensee intend to ensure that pressure balancing requirements are met from the source?	
How does the licensee intend to ensure that network flow requirements are met from the source?	
Please give details of the outage risk assessment.	
Please give details of any bankside storage from river abstractions that the licensee intends to use. How many hours/days at average demand does this resource supply	
How many hours/days storage of treated water do you intend to maintain pre input into the supply network. Please give details of the proposed storage.	
Is the site of the source and treatment works owned or leased	
What telemetry system is proposed?	
Please provide details of your quality systems and health and safety policy	
Please demonstrate from the point of input how you intend water to flow to the eventual customer. If detail knowledge of the network is available then please provide this.	
Water Quality	
How has the assessment of variability in source yield been	

reflected in the risk assessment on water quality? Please give details of the variability of the source quality	
Please give details of any contamination history of the source and the risk assessment of contamination	
Please give details of the chlorination process proposed for treating the source water	
Please give details of the plumbosolvency control process proposed for treating the source water	
Please give details of the fluoridation control process proposed for treating the source water, if required	
Please give details of the cryptosporidium testing and treatment process and the risk assessment for the source water.	
Please give detailed diagrams and descriptions of the treatment works including details of the type of treatment and equipment used in the process.	
Please give details of the process safeguards to be used at the treatment works	
Please give details of the monitoring procedures to be put in place at the source and the treatment works	
Please give details of the legislative compliance and SWW requirement compliance proposals that the licensee intends to use.	

Communication	
What proposals has the licensee put in place for informing customers, relevant bodies and SWW of emergency situations that it becomes aware of?	
What methods has the licensee put in place to ensure that the introduction of water can be stopped during an emergency situation	
How does the licensee intend to allow SWW access to its source and facilities so that introduction of water can be stopped in an emergency	
Please give details of procedures to be put in place in event of plant and equipment failures and operational failures.	
Please provide details of the licensee requirements for unplanned and planned interruptions to supply.	
Feasibility study	Please include below the assumptions that the licensee requires the feasibility study to cover. Any supply terms that significantly differ from these assumptions requested at a later date may result in the feasibility study having to be revisited.
Total volume to be supplied (annually, monthly)	
Allowable variations in maximum/minimum flow rate (daily, hourly)	
Methods of determining leakage and network balancing	
Methods for balancing demand and supply and for SWW control of system inputs.	
Maximum and minimum pressure at point of entry into distribution system	
Allowable rate of change	

of input to avoid surge	
Description of licensee duties under water supply regulations and DWI guidance on quality parameters	
Impact of section 19 undertakings on the input of water	
Description of regulatory and operational monitoring processes	
Description of methods of compliance with SWW operational standards for water leaving a licensee's treatment works	
Identification of quality of water compared to that in the existing mains so that Biofilm stripping and corrosion issues can be identified from water mixing	
pH control process	
Methodologies and equipment used for network monitoring and water quality	
Identification of water supply zone boundary and supply point authorization issues as agreed with the DWI	
Responsibilities identified in the event of plant failure or pollution incident	
Process for incident response, outbreak control and communication	
Procedures for dealing with emergency event pressure requirements	
Responsibilities for fire-fighting provision of water.	
Quality parameters	For each of the quality parameters below please explain the quality of the source input and how the input standards relate to the quality required in SWW operational standards at the customer tap. Please also specify the monitoring to be

	used and the risk assessment undertaken for each component
Please identify the relevant sampling point, the sampling frequency and the number of samples taken in providing this data	
Aesthetic parameters: Colour, odour, taste	
Aluminium	
Biological parameters – algae/bacteria	
Biological parameters – macro-organisms	
Cryptosporidium	
Disinfection residuals	
Fluoridation	
General Microbiological Quality	
Hardness and carbonate stability	
Iron and manganese	
Lead	
Nitrate	
pH – acidity and alkalinity stability	
Stagnation and pipework operating regime	
PAHs – polycyclic aromatic hydrocarbons	
THMs – trihalomethanes and chlorine	
Turbidity	
Sulphate	
Supply of water fit for human consumption under regulation 31	
Discolouration	
Sodium	
Potassium	
Ammonium	
Kjeldahl Nitrogen	
Oxidizability	
Total organic substances	
Dissolved or emulsified hydrocarbon phenols	
Surfactants	
Copper	
Zinc	
Silver	
Arsenic	

Cadmium	
Cyanide	
Chromium	
Mercury	
Nickel	
Antimony	
Selenium	
Boron	
Barium	
Pesticides:	
Aldrin	
Atrazine	
Bentazone	
Bromoxynil	
Carbendazim	
Carbophenothion	
Chloridazon	
Chlorotoluron	
Clopyradil	
2,4-D	
DDT (total isomers)	
Dicamba	
Dichlorprop	
Difenzoquat	
Dimethoate	
Diuron	
EPTC	
Gamma HCH	
Glyphosate	
Heptochlor	
Hexachlorobenzene	
loxynil	
Isoproturon	
Linuron	
Melathion	
MCPA	
MCPB	
Mecoprop	
Metamitron	
Metham-sodium	
Methoxychlor	
Monuron	
Paraquat	
Prometryne	
Propazine	
Propyzamide	
Simazine	
Sodium chlorate	
Sulphuric acid	
TCA	
Terbutryne	
Trietazine	
Triadmefon	
Triallate	

Others	
Calcium	
Fluoride	
Tetrachloromethane	
Trichloroethene	
Tetrachoroethene	
Conductivity	
Nitrite	
Faecal coliforms	
Faecal Strep.	
S-R Clostridia	
Giardia	
Radioactivity (total and tritium only)	
Customer requirements	
When are you likely to require access to begin	
What duration of contract is expected	
Special terms that the customer requires beyond the level of service specified in the access code, including water quality, nature of supply, data logging etc.	
What are the hydraulic requirements of the customers (in particular minimum or maximum pressure if different from the network standard)	
Please give details of any special needs or vulnerable customers that are affected by the supply to the customer.	
Further information	
Please include any information that the licensee requires from SWW in order to progress this application to the details application stage	

Please provide responses to the further information identified by SWW at the initial contact stage of the application.	
Please provide any details of connection requirements into the network that may help to identify the possibilities for the flow of water from your source to the customer premise.	
Please give details of public liability insurance arrangements and amounts	
Please provide information to allow a credit reference of the licensee to be obtained.	

APPENDIX C Glossary of terms

Defined Terms	Description
Access	The introduction of water by the licensee into a water undertaker's supply system to supply the licensee's customer. (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 wholesaler 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 Questionnaire Initial Detailed	Questionnaire completed by the applicant and used to evaluate the applications viability.
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 company as a precautionary measure.
Borehole	A groundwater abstraction point constructed by boring
Chemical Parameters	These are chemical species which are found in water including lakes, rivers, raw and treated drinking water and sewage. Examples are iron, chlorine, sulphate, pesticides, ammonium etc.
Chlorination	The application of chlorine to water for the purpose of disinfection.
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 Supply	A supply made pursuant to a Combined Licence.
Common Carriage	The conveyance of water introduced by a licensee through the public supply system by a statutory water undertaker for the purpose of supplying the licensee's customers.
Compensation Payments	These are made when the Network Operator substantively fails to perform satisfactorily to an agreed set of standards.
Compensation Water	Water released to the environment to offset impacts of abstraction or to comply with licence conditions (or both).
Competition and Services (Utilities) Act 1992	Additional legislation relating to Utilities and follows on from The Water Industry Act 1991.
Costs Principle	As defined in section 66E WIA91.
Cryptosporidium	A waterborne micro-organism, single celled protozoan parasite, 5 um in diameter, which causes disease and illness.
Customers	A person that receives water or services from the Network Operator, or Licensee.
Customer Transfer Protocol	The mechanism required by Ofwat for market participants to use to transfer between one supplier and another.
Deployable Output	The output of a water supply source that can be deployed to meet the contracted obligations limited by all appropriate constraints as set out in UKWIR methodology for the determination of outputs of groundwater sources (WRP-0001/C) and equivalent surface water guidelines contained in the EA document "Reassessment of Water Company Yields" (February 1997).
Disconnection	Separation of a customer's supply from the water network.
Disinfection	The destruction of pathogens by physical or chemical means.
Displacement	Common carriage where the Undertaker uses the licensee's water to serve non-eligible customers which has displaced water the Undertaker has treated to serve the licensee's customers. A physical pipe connection is still required between the licensee's source and its customer.
Distribution System	The Pipe Network, Pumping Stations, Service Reservoirs and other Infrastructure which enables transportation of water from Treated Water Sources to customers.
Diurnal Variations	Variations occurring within a daily (24 hrs) cycle.
Drought	A prolonged period of dry weather; said to exist if, for at least fifteen days, on each day rainfall has been less than 0.25mm.

E. Coli	A bacterium taken as an indicator of faecal contamination.
EHO	Environmental Health Officer
Eligible premises	Premises that meet the qualifying criteria as detailed in the Ofwat guidance paper on eligibility (section 17A(3) WIA91).
Fit and Proper Person	A person / 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 Health Authorities as a preventative measure against dental decay.
Force Majeure	An act or event outside the control of the acting party.
Groundwater	For the purposes of this document groundwater is defined as water abstracted directly from an aquifer by means of a well, borehole or spring.
Guaranteed Standards Scheme (GSS)	A scheme that lays down the minimum guaranteed standards of service that water companies have to deliver. Water companies have to pay compensation to customers if they fail to meet these standards.
Hardness	Characteristics of waters containing dissolved calcium and magnesium salts.
Heads of Terms	Document that sets out the basis on which the parties intend to contract.
Health Authorities	Statutory bodies within the Department of Health responsible for hospitals and public health inside geographic areas.
HSE - Health and Safety Executive	The government agency responsible for administering all regulations pertaining to Health and Safety and public security.
Indicative Prices	Prices calculated in accordance with Ofwat's guidance, based upon a set of assumptions to indicate the potential for entry to licensee's but not forming an offer capable of acceptance.
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 Instruments 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.
Instrument of Appointment	Granted by the Secretaries of State for the Environment and 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.
Leakage	That water which enters the distribution system from Treated Water Sources which is not taken by customers for their own proper purposes, nor used for operational requirements of system maintenance.
Liability Insurance	Insurance cover in respect of potential liability.
Licence	WSSL with appropriate wholesale or supplementary authorisation
Licensee and/or Sewerage Licence	A Company holding a water supply licence issued by Ofwat under the provisions of the WIA91.
Major Emergency Procedures	The Major Emergency Procedures are evoked when the situation or the number of people affected is in excess of those which can be dealt with by the Standard Emergency Procedures.
Mandatory Parameters	Chemical or biological parameters which must be measured by law. Examples for drinking water are E coli, nitrate, chloride.
Meter	A devise for measuring length, flow, time, temperature of water.
Meter Calibration	The process by which the readings of a meter are correlated against a standard.
Meter Reader	A business or operational unit which reads meters.
Microbiological Parameters	These are bacteria such as E coli, coliforms, faecal streptococci whose presence indicate that the water may be polluted and therefore should be absent from drinking water.
Non potable water	Water which is not intended for domestic or food production purposes.
Outages	Periods of time for which a source of supply is unavailable or at reduced output due to planned maintenance or failure
Parameter	A constituent of water which is used to measure quality.
Pathogen	A organism which is capable of producing disease.
Planned Maintenance	Maintenance activity carried out on a planned basis as preventative
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	Water complying with the relevant output water quality standards, including all DWI

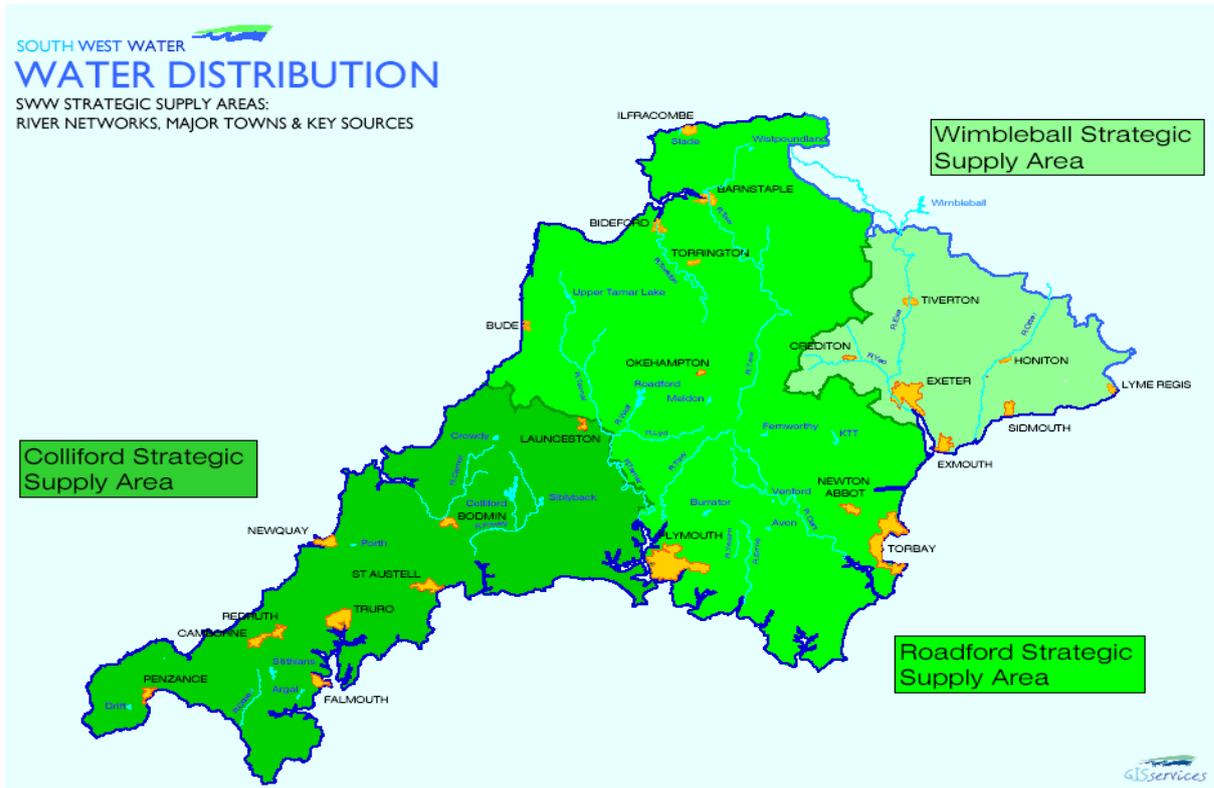
	standards and customer “acceptable at tap” parameters
Primary Undertaker	The incumbent appointed water company to a particular defined area. For South West Water this area is Devon, Cornwall and parts of Dorset and Somerset. Bournemouth Water covers areas such as Dorset, Hampshire and Wiltshire.
Priority Supply Points	Supply Points as specified by DEFRA.
Private Pipework	Private Pipework is normally defined as that pipework which extends to the property after the stop tap, the meter or the land boundary, whichever comes earliest.
Public Supply System	The potable water network of the Undertaker.
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 network and the associated financial implications.
Regulators	Are appointed organisations with control over the industry’s key activities and policies. They are the DWI, EA and OFWAT.
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.
Resources	The raw water resource supporting an abstraction.
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) 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 undertaker and to supply it retail to a customer’s eligible premises (section 17A(4) WIA91).
Secondary Undertaker	Another, neighbouring, water Undertaker who can supply a source of water that the licensee uses as the input into the Network of the Primary Undertaker.
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 sewerage company appointed under WIA91.

Self Lay Provider (SLP)	An organisation qualified under Ofwat's Self Lay guidelines to lay water pipes that are then connected into the Public Supply System.
Special Consumers	As defined by conditions 5(6)(b) and 5(10)(a) to (h) of the Water Supply Licence and Appointment R 9(6)(b).
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.
Supplementary Authorisation	An authorisation to a company to introduce water into a water undertaker's supply system for the purpose of making a retail supply of water to a customer.
Supply Point	The point at which treated water leaves the network system. In general this will be either to specific premises or to the network of an adjoining water company.
Supply System	Any water mains and other pipes used for the purposes of conveying water from a water undertaker's treatment works to customer's premises and any water mains and other pipes used to convey non-domestic water from any source to premises that are not connected directly or indirectly to any water mains or pipes connected to those treatment works. This term is defined in section 17B(5) WIA91.
Supply System Balancing	The process of matching the 'water in' against the 'water out' from the supply system.
Telemetry	Electronic systems used for conveying system performance data.
Treated Water	Water of a suitable quality for input to the Treated Water Distribution System and that which results in satisfactory DWI compliance at the customer's tap
Treated Water Quality Monitoring	Regular sampling and analysis of untreated and treated water. Examples include daily measurement of free chlorine at treatment works or annual sampling for mercury at customers' taps.
Treatment Works	Works where raw water from rivers or reservoirs is treated to produce drinking water. Treatment typically includes coagulation, filtration and disinfection.
Trihalomethanes	A group of chemicals produced by the reaction of chlorine with natural organic chemicals present in the raw water. Current limit is 100 ug/l averaged over three months.
Turbidity	A measure of the optical clarity of water.
UKWIR	UK Water Industry Research Limited.

Unplanned Maintenance	Maintenance and repair work carried out in response to infrastructure systems and equipment failure which is unplanned due to requirement for urgent action.
Untreated Water	Raw water not of a suitable quality to put into a Control Group
UV - Ultra violet radiation	Light or radiation with a wavelength between 100 and 400 nanometres (nm). Often abbreviated to UV light or radiation.
WASC's	Water and Sewerage Companies.
Water Mains	Pipes which carry treated water.
Water Quality Regulations	Legal requirements as to water quality
Water Quality Standards	Limits to the concentration of water quality parameters specified in the Water Supply (Water Quality) Regulations 1989.
Water Resource Management Plans	A water undertaker's long terms strategic plan for water resource development in its area.
Water Supply and/or Sewerage Licences	<p>A licence issued by Ofwat under the provisions of the WIA91.</p> <p>Since 1 April 2017, holders of new water supply and/or sewerage licences (WSSL) can provide supplies of water and sewerage services to eligible non-household premises. Some licensees may be limited to providing water supplies or sewerage services to their own sites and those of persons associated with them (known as self-supply). There are two types of licence – water supply licences and sewerage licences, each of which can have one or more different authorisations.</p>
Water Supply (Water Fittings) Regulations 1999	These regulations replaced the Water Bylaws in England and Wales and are enforced by the water undertakers.
Water Supply (Water Quality) Regulations 1989	Regulations set by the UK government for the treatment and supply of public drinking water in England and Wales. They cover the sampling, analysis and concentration limits of more than 50 water quality parameters.
Water Supply (Water Quality) Regulations 2000	Regulations set by the UK government for the treatment and supply of public drinking water in England and Wales.
Water Undertaker	A water company appointed under the WIA91 to provide water services to a defined geographic area and which owns the supply system and other infrastructure.
WOCs	Water only companies.

APPENDIX D Areas of supply

South West Water



Bournemouth Water



APPENDIX E Indicative prices for SWW

Table 1

Access Start in 2018/19 Wimbleball Water Resource Zone of South West Water		2018/19	2019/20	2020/21	2021/22	2022/23
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	12.02	12.36	12.59	12.79	12.96
50MI per annum						
Wholesale Access Price	£/m3	2.1188	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	12.16	12.49	12.72	12.92	13.09
500MI per annum						
Wholesale Access Price	£/m3	1.3332	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	13.39	13.73	13.96	14.16	14.33

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 2

Access Start in 2018/19 Roadford Water Resource Zone of South West Water		2018/19	2019/20	2020/21	2021/22	2022/23
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	37.16	37.69	38.02	38.69	39.31
50MI per annum						
Wholesale price	£/m3	2.1188	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	37.29	37.83	38.15	38.83	39.45
500MI per annum						
Wholesale price	£/m3	1.3332	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	38.53	39.06	39.39	40.06	40.68

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 3

Access Start in 2018/19 Colliford Water Resource Zone of South West Water		2018/19	2019/20	2020/21	2021/22	2022/23
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	17.30	17.56	17.72	17.96	18.16
50MI per annum						
Wholesale price	£/m3	2.1188	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	17.43	17.70	17.85	18.10	18.29
500MI per annum						
Wholesale price	£/m3	1.3332	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	18.67	18.93	19.09	19.33	19.53

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 4

Access Start in 2019/20 Wimbleball Water Resource Zone of South West Water		2019/20	2020/21	2021/22	2022/23	2023/24
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	12.36	12.59	12.79	12.96	13.11
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	12.49	12.72	12.92	13.09	13.25
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	13.73	13.96	14.16	14.33	14.48

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 5

Access Start in 2019/20 Roadford Water Resource Zone of South West Water		2019/20	2020/21	2021/22	2022/23	2023/24
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	37.69	38.02	38.69	39.31	39.92
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	37.83	38.15	38.83	39.45	40.06
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	39.06	39.39	40.06	40.68	41.29

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 6

Access Start in 2019/20 Colliford Water Resource Zone of South West Water		2019/20	2020/21	2021/22	2022/23	2023/24
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	17.56	17.72	17.96	18.16	18.32
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	17.70	17.85	18.10	18.29	18.46
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0770	0.0750	0.0750	0.0750	0.0750
Supply Deficit with entry after undertaker investment	M/d	18.93	19.09	19.33	19.53	19.69

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 7

Access Start in 2020/21 Wimbleball Water Resource Zone of South West Water						
		2020/21	2021/22	2022/23	2023/24	2024/25
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	12.59	12.79	12.96	13.11	13.22
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	12.72	12.92	13.09	13.25	13.36
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	13.96	14.16	14.33	14.48	14.59

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 8

Access Start in 2020/21 Roadford Water Resource Zone of South West Water						
		2020/21	2021/22	2022/23	2023/24	2024/25
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	38.02	38.69	39.31	39.92	40.44
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	38.15	38.83	39.45	40.06	40.58
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	39.39	40.06	40.68	41.29	41.81

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 9

Access Start in 2020/21 Colliford Water Resource Zone of South West Water						
		2020/21	2021/22	2022/23	2023/24	2024/25
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	17.72	17.96	18.16	18.32	18.47
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	17.85	18.10	18.29	18.46	18.60
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0750	0.0750	0.0750	0.0750	0.0750
Supply Deficit with entry after undertaker investment	M/d	19.09	19.33	19.53	19.69	19.84

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 10

Access Start in 2021/22 Wimbleball Water Resource Zone of South West Water		2021/22	2022/23	2023/24	2024/25	2025/26
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	12.79	12.96	13.11	13.22	13.35
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	12.92	13.09	13.25	13.36	13.49
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	14.16	14.33	14.48	14.59	14.72

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 11

Access Start in 2021/22 Roadford Water Resource Zone of South West Water		2021/22	2022/23	2023/24	2024/25	2025/26
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	38.69	39.31	39.92	40.44	40.94
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	38.83	39.45	40.06	40.58	41.07
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	40.06	40.68	41.29	41.81	42.31

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 12

Access Start in 2021/22 Colliford Water Resource Zone of South West Water		2021/22	2022/23	2023/24	2024/25	2025/26
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	17.96	18.16	18.32	18.47	18.61
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	18.10	18.29	18.46	18.60	18.75
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0750	0.0750	0.0750	0.0750	0.0750
Supply Deficit with entry after undertaker investment	M/d	19.33	19.53	19.69	19.84	19.98

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 13

Access Start in 2022/23 Wimbleball Water Resource Zone of South						
West Water		2022/23	2023/24	2024/25	2025/26	2026/27
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	12.96	13.11	13.22	13.35	13.35
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	13.09	13.25	13.36	13.49	13.49
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.1258	0.1258	0.1258	0.1258	0.1258
Supply Deficit with entry after undertaker investment	M/d	14.33	14.48	14.59	14.72	14.72

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 14

Access Start in 2022/23 Roadford Water Resource Zone of South						
West Water		2022/23	2023/24	2024/25	2025/26	2026/27
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	39.31	39.92	40.44	40.94	40.94
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	39.45	40.06	40.58	41.07	41.07
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0951	0.0951	0.0951	0.0951	0.0951
Supply Deficit with entry after undertaker investment	M/d	40.68	41.29	41.81	42.31	42.31

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Table 15

Access Start in 2022/23 Colliford Water Resource Zone of South West						
Water		2022/23	2023/24	2024/25	2025/26	2026/27
Forecast Supply Deficit without entry (+ve is surplus), before undertaker investment	M/d	18.16	18.32	18.47	18.61	18.61
50MI per annum						
Wholesale Access Price	£/m3	2.1156	2.1156	2.1156	2.1156	2.1156
Combined Supply Discount	£/m3	0.0770	0.0770	0.0770	0.0770	0.0770
Supply Deficit with entry after undertaker investment	M/d	18.29	18.46	18.60	18.75	18.75
500MI per annum						
Wholesale Access Price	£/m3	1.3312	1.3312	1.3312	1.3312	1.3312
Combined Supply Discount	£/m3	0.0750	0.0750	0.0750	0.0750	0.0750
Supply Deficit with entry after undertaker investment	M/d	19.53	19.69	19.84	19.98	19.98

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

There are no water resource schemes to defer due to an existing supply demand surplus. Only the marginal operating cost of treating water (plus the wholesale discount as normal) is saved.

Below to comply with the Ofwat guidance we would list the individual component schemes for each water resource zone and the minimum amount of input that would be required to completely defer the scheme by one year. The discounts shown below would not therefore take into account partial deferral of schemes and the marginal opex cost of not having to treat excess water input as the tables 1 – 15 above show. This is because one scheme may potentially have a benefit to more than one water resource zones and the format is required for each zone discretely. The wholesale discount would also need to be added to the amounts shown in the tables below. However, as we have no water resource supply demand schemes in any of the zones we cannot complete these tables.

Table 22

Water resource zone – Wimbleball – no schemes in the next 10 years

Table 23

Water resource zone – Roadford – no schemes in the next 10 years

Table 24

Water resource zone – Colliford – no schemes in the next 10 years

APPENDIX F Indicative prices for BW

Basis for calculation

The table below shows the basis for the calculation of indicative wholesale prices. It itemises the expected wholesale charges and expenses, to derive the access charge.

Wholesale charges 2018-19				
<i>Volume (Ml/a)</i>	5	25	50	500
Fixed charge (£)	18.71	902.54	902.54	11951.44
Wholesale tariff (p/m ³)	1.0798	1.0181	1.0181	0.7888
Wholesale income (£)	5,418	26,355	51,808	406,351
Calculation for year 2018-19				
	<i>5Ml/a</i>		<i>25 Ml/a</i>	
	<i>First customer</i>	<i>Second customer</i>	<i>First customer</i>	<i>Second customer</i>
Wholesale income (£)	5,418	5,418	26,355	26,355
Access charge (£)	5,418	5,418	26,355	26,355
	<i>5 Ml/a</i>		<i>25 Ml/a</i>	
	<i>First customer</i>	<i>Second customer</i>	<i>First customer</i>	<i>Second customer</i>
Wholesale price access price (£/m ³)	1.0836	1.0836	1.0542	1.0542
Wholesale discount £/m ³	0.0027	0.0027	0.0026	0.0026
Wholesale discount £/m ³ for payment in advance	0.0027	0.0027	0.0003	0.0003

Calculation for year 2018-19				
	<i>50 Ml/a</i>		<i>500 Ml/a</i>	
	<i>First customer</i>	<i>Second customer</i>	<i>First customer</i>	<i>Second customer</i>
Wholesale income (£)	51,808	51,808	406,351	406,351
Access charge (£)	51,808	51,808	406,351	406,351
	<i>50 Ml/a</i>		<i>500 Ml/a</i>	
	<i>First customer</i>	<i>Second customer</i>	<i>First customer</i>	<i>Second customer</i>
Wholesale access price (£/m ³)	1.0362	1.0362	0.8127	0.8127
Wholesale discount (£/m ³)	0.0026	0.0026	0.0020	0.0020
Wholesale discount for payment in advance (£/m ³)	0.0026	0.0026	0.0020	0.0020

The table below shows the indicative wholesale prices for the four standard volumes for each of the next five years. For wholesale prices there is a single company-wide price. Bournemouth Water has one Water Resource Zone.

Indicative Wholesale Price Information	2018/19	2019/20	2020/21*	2021/22*	2022/23*
<i>Wholesale Volume 5 (Ml/a)</i>					
Wholesale charge (£)	5418	5420	5420	5420	5420
Access charge (£)	5418	5420	5420	5420	5420
Discount for payment in advance (£)	14	14	14	14	14
<i>Wholesale Volume 25</i>					
Wholesale charge (£)	26355	26363	26363	26363	26363
Access charge (£)	26355	26363	26363	26363	26363
Discount for payment in advance (£)	66	66	66	66	66
<i>Wholesale Volume 50</i>					
Wholesale charge (£)	51808	51824	51824	51824	51824
Access charge (£)	51808	51824	51824	51824	51824
Discount for payment in advance (£)	130	130	130	130	130
<i>Wholesale Volume 500</i>					
Wholesale charge (£)	406351	406473	406473	406473	406473
Access charge (£)	406351	406473	406473	406473	406473
Discount for payment in advance (£)	1016	1016	1016	1016	1016

*K factors are not set past 2020 therefore for 2020/21, 2021/22 and 2022/23 zero is assumed

The table below shows the indicative combined supply prices for the four standard volumes for each of the next five years, for the WRZ.

Bournemouth Water has one Water Resource Zone.

Indicative Combined Supply Information	2018/19	2019/20	2020/21*	2021/22*	2022/23*
BOURNEMOUTH WRZ					
<i>Common Carriage Volume 5 (M/a)</i>					
Retail price (£)	5,437	5,439	5,440	5,440	5,440
Combined Supply Discount (£)	658	658	658	658	658
Discount for Payment in Advance (£)	659	659	659	659	659
<i>Common Carriage Volume 25 (M/a)</i>					
Retail price (£)	26,355	26,363	26,371	26,371	26,371
Combined Supply Discount (£)	2162	2162	2162	2162	2162
Discount for Payment in Advance (£)	2168	2168	2168	2168	2168
<i>Common Carriage Volume 50 (M/a)</i>					
Retail price (£)	51,808	51,823	51,839	51,854	51,870
Combined Supply Discount (£)	4106	4096	4106	4106	4106
Discount for Payment in Advance (£)	4117	4106	4117	4117	4117
<i>Common Carriage Volume 500 (M/a)</i>					
Retail price (£)	405,806	405,927	406,049	406,171	406,293
Combined Supply Discount (£)	39,779	39,779	39,779	39,779	39,779
Discount for Payment in Advance (£)	39,878	39,878	39,878	39,878	39,878

*K factors are not set past 2020 therefore for 2020/21 2021/22 and 2022/23 zero is assumed