

Trade water abstraction rights

8.4.2026 - | Her Majesty's Revenue and Customs

How to apply to the Environment Agency to trade water abstraction rights with another party.

If you want an abstraction licence but are unable to get one because there is no water available in your area, you may be able to enter into an agreement with an existing licence holder. You can agree for them to give you part or all of their water abstraction right permanently or temporarily. This is called the trading of water abstraction rights.

If you already have an abstraction licence, you can agree to give the rights to some or all of that water to someone else.

Types of trade

There are 4 different trading scenarios. These are:

- whole, permanent - the whole of the trader's abstraction right is transferred to the recipient on a permanent basis
- whole, temporary - the whole of the trader's abstraction right is transferred to the recipient on a temporary basis
- part, permanent - part of the trader's abstraction right is transferred to the recipient on a permanent basis
- part, temporary - part of the trader's abstraction right is transferred to the recipient on a temporary basis

Find a trading partner

You need to find your own trading partner. The Environment Agency does not act as a broker or negotiate the trading of licences.

You can find more information about the potential for trading on the Defra Data Services Platform - Help for Water Rights Trading Data. Alternatively, you can contact the Environment Agency to get more detailed information about abstraction licences. They will give you this information from the water resources public register, for free.

A trade can only take place where there is a hydrological link between the locations of the trader's abstraction and the proposed abstraction.

Meeting Water Framework Directive requirements

The Environment Agency can only grant trades that will not contribute to deterioration of the Water Framework Directive (WFD) status of waterbodies.

Check your local abstraction licensing strategy to find out what the water availability status is in your catchment and information on any local constraints on water abstraction rights trades. For example, if trading water rights would damage the environment.

When deciding how much water can be traded, the Environment Agency takes into account:

- how much water is returned to the environment following abstraction
- changes in location
- the amounts of water used recently by the trader

Where abstraction is causing unacceptable environmental impacts, the Environment Agency will only licence trades with suitable restrictions in place. This could include recovering water for the environment by reducing the abstraction volumes to match recent use by the trader.

The Environment Agency may apply a hands-off flow condition (a condition that restricts abstraction when flows are low) to any traded water to protect the environment. The level of restriction applied will be considered on a case-by-case basis and will take into account:

- the water availability in the catchment
- local impacts
- protected sites

You can use the Environment Agency's enhanced (paid for) pre-application advice service to check if they are likely to agree your proposed trade and any potential restrictions that may apply.

How to apply to trade water abstraction rights

When you trade water abstraction rights the parties involved usually need to apply to the Environment Agency for a new licence and to change or cancel (revoke) any existing licence.

How much it costs

Check water resources licences: when and how you are charged to find out what application charges you need to pay.

<https://www.gov.uk/guidance/trade-water-abstraction-rights>