

Thames Water Utilities Limited (TWUL) Wholesale
Published date: 13 January 2025



Statement of assurance 2025/26

Final wholesale charges for the supply of
water and wastewater services

Statement of Board Assurance for final wholesale charges 2025/26

Introduction

1. The purpose of this document is to provide a statement of our assurance in relation to our 2025/26 final wholesale tariffs (the “Charges”).
2. The Charges covered by this statement have been set based on the allowed revenues in the Price Review 2024 (“PR24”) Final Determination (“FD”) as published by Ofwat on 19 December 2024.
3. The Charges therefore take account of:
 - the publication of the PR24 FD which fixes the revenue we can collect from customers in 2025/26;
 - the Thames Tideway Tunnel (“TTT”) Infrastructure Provider charge that we collect on behalf of Bazalgette Tunnel Limited from our wastewater service customers;
 - inflation (CPIH) as published by the Office for National Statistics¹, at 3.5%; and
 - the forecast changes in the levels of water usage by our household and non-household customers.

Board endorsement of this assurance statement

4. The Board of Thames Water Utilities Limited (the “Company”) accepts ownership of, and accountability for, the development of the Charges.
5. This statement has been approved by the Board and signed by Alastair Cochran (Chief Financial Officer), Cathryn Ross (Strategy & External Affairs Director) and Nick Land (Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee) on behalf of the Board of the Company.
6. In approving the Charges, the Board has made the following key considerations which are discussed in more detail below:
 - all relevant legal obligations and guidance;
 - bill movements, impact assessments and the associated approach (“handling strategies” as referred to by Ofwat) that, if appropriate, we may adopt to mitigate the impact on customer bills;
 - the existence of appropriate systems and processes used to set our Charges;
 - engagement with relevant stakeholders; and
 - the reasons for any significant changes to our Charges since the publication of our indicative wholesale charges in October 2024.

¹ [“Consumer price inflation, UK: November 2024”](#), Office for National Statistics, 18 December 2024

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Legal Obligations and Guidance

7. Thames Water's Charges have been prepared in accordance with its legal obligations and the Wholesale Charging Rules published on 20 October 2021 by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991.
8. The Charges also comply with information requirements as set out in Ofwat's Information Notice IN 24/08 ('Expectations, assurance and information requirements for water company charges for 2025-26') published on 24 October 2024.
9. Thames Water has also taken into account the Company's statutory obligations relating to charging.

Bill movements, impact assessments and mitigating actions

10. The Board has assessed the effects of the Charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) for a range of customer types.
11. The Board has identified and acknowledges that year-on-year bill increases will exceed five per cent when compared to 2024/25, assuming a constant level of consumption, for water supply and sewerage licensees and for water service and wastewater service customers occupying Eligible Premises.
12. In Table 1 below, we set out the typical wholesale bill increases for non-household customers relative to 2024/25 bills.

Table 1: Typical bill increases for non-household customers 2025/26

	Customer type		
	Water-only	Wastewater-only	Dual service
Typical wholesale bill increases 2025/26	29.2%	34.2%	31.3%

Source: Thames Water tariff model 2025/26

13. The figures in Table 1 showing typical wholesale bill movements and our impact assessment of all customer groups seen in Appendix 1 confirm that all customers will experience bill increases in excess of five per cent for 2025/26.
14. The primary driver for the price increases that will impact bills in 2025/26 is the level of allowed revenue included within the PR24 FD as published by Ofwat. This recognises the significant and ambitious investment that is needed in our network to deliver improved services to our customers and to protect the environment, as set out in our PR24 Business Plan². This follows decades of our average household bill being below the industry average and below the level that it was 10 years ago, taking inflation into account.

² [PR24 Draft Determination response – Strategic Narrative](#), Thames Water, August 2024

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15. The Board recognises the impact that significant price rises may have on customers and therefore appreciates the need to identify actions to mitigate those significant price rises. The scope of these actions is, however, limited by the scale of input cost inflation and investment requirements faced by the Company, as well as the industry.
16. The Board has considered mitigating actions, such as revenue deferral, to minimise bill increases for customers in 2025/26, however the full revenues set by Ofwat in the PR24 FD are required to fund the investment needed in our network. Additionally, our proposed 'rise and flat' bill profile, accepted by Ofwat in the PR24 FD, applies the highest annual increase at a time when interest rates and the financial impact on customers are expected to reduce.
17. Whilst we are therefore not in a position to be able to defer bill increases from 2025/26 to future years, the Board does expect that annual price rises for the remainder of the 2025 – 2030 period (known as AMP8) will be significantly lower than those which apply to 2025/26. This is because the bill profile that we proposed and agreed with Ofwat has significant price increases in the first year of AMP8, followed by a much flatter and more stable increase profile in the four subsequent years, resulting in a lower bill by the end of the price control period than that generated by a more gradual increase profile.

Appropriate systems and processes

18. In assessing whether there are systems and processes in place (including up-to-date models and data) to make sure the information published about our Charges is accurate, the Board has considered:
 - the rigorous system for compiling, collating and managing the data and information required to produce the Charges;
 - the governance framework detailing the assurance approach adopted and the outcome of the independent review of the tariff model by Internal Audit;
 - the process of internal review and formal sign off by approved appropriately qualified members of staff;
 - confirmation of the degree of assurance undertaken on the source information / data used in the tariff calculations;
 - the dedicated and assured charge multiplier and tariff models used to determine wholesale and retail tariffs;
 - confirmation that the Charges have been calculated in a manner compliant with the individual price controls; and
 - confirmation that there are no material issues outstanding arising from the assurance work undertaken.

Engagement with stakeholders

19. We are in regular contact with our Retailers and engage with them via various channels to gain insight on a range of topics. We participate in the Retailer Wholesaler Group ("RWG")

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project to review non-household tariff structures, so will also continue to engage with Retailers in this way regarding potential changes to wholesale charges.

20. We have had regular meetings with CCW to discuss the impact of our Charges on customers occupying Eligible Premises. This consultation process continued when we met with CCW on 6 January 2025 to discuss our proposed Charges, the impact on bills to customers and updates to charging documentation. Whilst acknowledging the impact that the PR24 FD has on our Charges, CCW noted the significant increases being proposed alongside the targeted support being offered through our social tariffs and, as such, did not raise any significant concerns regarding our Charges.

Changes since the publication of our indicative wholesale charges

21. The primary factor that has impacted our final wholesale charges for 2025/26 relative to our indicative wholesale charges is the publication of the PR24 FD. The underlying allowed wholesale revenues for 2025/26 have increased by £212m for water (16%) and £322m for wastewater (20%) in the PR24 FD relative to the PR24 Draft Determination.
22. Since our indicative wholesale charges were published in October 2024, further review of our forecast chargeable customer base for 2025/26 has also been undertaken to reflect the most up-to-date information available. This has resulted in relative decreases to our Charges.
23. The reasons for these additional price movements relate to the following items that have been further reviewed both generally and in light of the likely impact that the price rises driven by the PR24 FD will have on customer behaviour and our forecast chargeable customer base:
- predicted levels of household and non-household water consumption;
 - the level of billing cancellations relating to customer side leakage allowances; and
 - the extent to which household properties will not be subject to water charges for the full charging year due to changes in residency and properties being temporarily empty.

Board approval process

24. In satisfying Ofwat's requirements specified in the Wholesale Charging Rules (published on 20 October 2021) and Information Notice IN 24/08 ('Expectations, assurance and information requirements for water company charges for 2025-26') published on 24 October 2024, the Board confirms that the Company has followed robust and rigorous procedures in developing and approving the Charges.
25. At the Board meeting on 2 October 2024, Cathryn Ross (Strategy & External Affairs Director), Alastair Cochran (Chief Financial Officer) and Nick Land, our Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee, were authorised to sign assurance statements on the Board's behalf, and in doing so confirm that:
- the Charges are consistent with Thames Water's legal obligations in relation to wholesale charges;

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- the Board has considered the impact of the Charges on customer bills for different customer groups and approves the approach to mitigating this customer bill impact;
- the Board has satisfied itself that appropriate systems and processes are in place to ensure that the Charges are accurate;
- the Company has consulted with relevant stakeholders in a timely and effective manner on its Charges; and
- the reasons for any significant changes to our Charges since the publication of our indicative wholesale charges 2025/26 have been considered and explained.

Signed by, and on behalf of the Board:

Dated: 9 January 2025

Signed



Nick Land
Senior Independent Non-Executive Director

Dated: 9 January 2025

Signed



Alastair Cochran
Chief Financial Officer

Dated: 9 January 2025

Signed



Cathryn Ross
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited

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Appendix 1: Non-household 2025/26 typical bill movements

Table 2: Typical bill values of non-household customers

	2024-25 (£)	2025-26 (£)	Change (%)
NHH unmeasured bill water - area 4 £500 RV	618	815	31.9%
NHH unmeasured bill wastewater - area 4 £500 RV	1,322	1,774	34.2%
Combined bill - unmeasured (area 4 £500 RV)	1,940	2,589	33.4%
NHH metered bill water - 8,000m ³	15,316	19,794	29.2%
NHH metered bill wastewater - 8,000m ³	9,760	13,095	34.2%
Combined bill - metered (40mm pipe)	25,076	32,890	31.2%
NHH metered bill water - 25,000m ³	47,049	60,806	29.2%
NHH metered bill wastewater - 25,000m ³	30,963	41,545	34.2%
Combined bill - metered (80mm pipe)	78,012	102,351	31.2%
NHH metered bill water - 150,000m ³	234,434	302,976	29.2%
NHH metered bill wastewater - 150,000m ³	170,006	228,102	34.2%
Combined bill - metered (150mm pipe)	404,440	531,078	31.3%
NHH metered bill water - 500,000m ³	665,199	859,696	29.2%
NHH metered bill wastewater - 500,000m ³	508,134	681,776	34.2%
Combined bill - metered (1 x 250mm pipe)	1,173,333	1,541,472	31.4%
Bus assessed - water - 3,000m ³	5,744	7,423	29.2%
Bus assessed - wastewater band - 3,000m ³	3,829	5,138	34.2%
Combined bill - business assessed (30mm pipe)	9,573	12,561	31.2%
TRADE EFFLUENT			
R (m ³)	551	740	34.2%
V (m ³)	644	865	34.2%
B (kg)	866	1,162	34.2%
S (kg)	392	526	34.2%
Wholesale fixed charge	-51	-51	0.0%
Total TE bill (3,000m ³)	2,403	3,242	34.9%
R (m ³)	29,860	40,060	34.2%
V (m ³)	34,460	46,240	34.2%
B (kg)	24,810	33,290	34.2%
S (kg)	37,752	50,658	34.2%
Annual large user charge	24,827	33,313	34.2%
Total TE bill (200,000m ³)	151,709	203,561	34.2%

Source: Thames Water tariff model 2025/26

N.B. The Rateable Value (“RV”) of a property was last set by the Government in 1990 and is based on their assessment of how much the property could be let for annually. The unmeasured areas are as per the geographical ‘Charge Areas’ seen on table A.3-8 in Part A of the Wholesale Tariff Document 2025/26, as published on our website.