

Thames Water Utilities Limited (TWUL)
Published date: 13 January 2022



Statement of Significant Change

2022-23

End-user household charges schemes for the
supply of water and wastewater services

Statement of Significant Change for 2022-23 Charges Schemes

Introduction

1. The purpose of this Statement of Significant Change for 2022-23 Charges Schemes is to provide our stakeholders with information as to the significant changes we are making to our end-user customer charges for the 2022-23 charging year (the “Charges”), compared with the 2021-22 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN 21/04 (“Expectations, assurance and information requirements for water company charges for 2022-23” published in October 2021) and annex A2 of the Charges Scheme Rules¹ published by Ofwat in October 2021. It confirms:
 - i. whether end-user customer bill increases of more than 5% compared to the previous year are expected;
 - ii. if so, which types of household customers are likely to be affected;
 - iii. any handling strategies, if appropriate, that we may adopt to mitigate the impact of the bill increases; and
 - iv. details of any significant changes in charging policy.
3. Companies are no longer required to include Infrastructure Charges in a charges scheme. These charges are set out in our Charging Arrangements for New Connection Services 2022-23 and referenced in the appropriate Statement of Significant Change.
4. The Charges Schemes covered by this statement have been set based on the allowed revenues in the PR19 Final Determination (“FD”) as published by Ofwat in December 2019 and the in-period determination that relates to our actual 2020-21 Outcome Delivery Incentive (“ODI”) performance as published by Ofwat in November 2021.

Why bills are changing

5. For 2022-23, our allowed revenue has been set by Ofwat as part of our PR19 FD and the in-period determination that relates to our actual 2020-21 ODI performance. This fixes the amount of revenue we can collect from our customers. Our allowed revenues are also adjusted to include inflation and any past under or over recovery of revenue. Our bills for 2022-23 have been impacted by:
 - the publication of the PR19 FD which fixes the revenue we can collect from customers in 2022-23;
 - the in-period determination which applies to our 2022-23 allowed revenues the relevant ODI penalties that relate to our actual performance in 2020-21;
 - the Thames Tideway Tunnel (“TTT”) Infrastructure Provider charge that we collect on behalf of Bazalgette Tunnel Limited from our wastewater service customers;

¹ ["Charges Scheme Rules"](#), Ofwat, October 2021

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- inflation (CPIH) as published by the Office for National Statistics, at 4.6%; and
 - the changes in the levels of water usage by our household and non-household customers brought about by Covid-19.
6. There are no significant changes in charging policy from the previous year.
7. We continue to rebalance our wastewater fixed charges to ensure that all charges levied by pipe/meter size are set such that the relative values of the charges are consistent with factors derived from the cross-sectional area of the pipe/meter. To limit bill impact, this rebalancing exercise is being phased over a number of charging years.

Impact of our Charges for 2022-23 on typical household customer bills

8. We have assessed the effects of the Charges on our household customers for a range of customer types and have not identified any groups of household customers that will have year-on-year bill increases exceeding 5% when compared to 2021-22.
9. In table 1 below we set out the typical bill increases for household customers relative to the post-rebate position of our 2021-22 bills².

Table 1: Average impact for typical household customers 2022-23

Customer type	2022-23	
	Unmeasured bill increase (%)	Metered bill increase (%)
Water-only	4.1%	3.9%
Waste-only	3.4%	2.1%
Dual service	3.8%	3.1%

Source: Thames Water tariff model 2022-23

10. We are therefore not aware of any customer groups that will experience bill increases in excess of 5% for 2022-23. For this reason, no mitigating action is required at this time.
11. A detailed impact assessment will be made available in the Statement of Assurance for our 2022-23 Charges Schemes due to be published on 1 February 2022.

Support for those who need it

12. For those household customers struggling to pay their bill we will continue to offer support through our WaterSure and WaterHelp tariffs. More information on household charges will be available in our Charges Schemes due to be published on 1 February 2022.

² Our 2021-22 water charges are subject to a rebate relating to Ofwat's investigation into our leakage performance; tariffs before the rebate and charges after the rebate are both published in our Charges Schemes 2021-22.

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Stakeholder engagement on tariff changes

13. We have had regular meetings with the Consumer Council for Water (“CCW”), the voice for water consumers, to discuss the impact of our Charges on end-users. We are required to consult with them in advance of publishing our Charges Schemes.
14. We shared a draft view of our Charges and the impact they will have on a range of customer groups with CCW following our meeting with them on 2 December 2021. CCW did not raise any concerns about our proposed Charges.

Declaration

15. At the Board meeting on 30 September 2021, the Chief Financial Officer, the Strategy & Regulatory Affairs Director and the Senior Independent Non-Executive Director were authorised to sign the Statement of Significant Change for 2022-23 Charges Schemes on the Board’s behalf.
16. We confirm on behalf of the Board, that Thames Water Utilities Limited has followed robust and rigorous procedures in developing and approving the 2022-23 Charges Schemes.
17. This document is signed by Alastair Cochran (Chief Financial Officer), Cathryn Ross (Strategy & Regulatory Affairs Director) and Nick Land (Senior Independent Non-Executive Director) on behalf of the Board.

Dated: 11 January 2022

Signed 
Nick Land, Senior Independent
Non-Executive Director

Dated: 11 January 2022

Signed 
Cathryn Ross, Strategy & Regulatory Affairs Director

Dated: 10 January 2022

Signed 
Alastair Cochran, Chief Financial Officer

For and on behalf of Thames Water Utilities Limited