

Thames Water Utilities Limited (TWUL) Wholesale  
Published date: 12 January 2024



# Statement of Significant Change

2024/25

Final wholesale charges for the supply of water  
and wastewater services

## Statement of Significant Change for final wholesale charges 2024/25

### Introduction

1. The purpose of this Statement of Significant Change is to provide our stakeholders with information as to the significant changes we are making to our primary wholesale charges (the “Charges”) for the 2024/25 charging year, compared with the 2023/24 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN23/09 (‘Expectations, assurance and information requirements for water company charges for 2024-25’) published on 13 September 2023 and section A4 of the Annex to the Wholesale Charging Rules published by Ofwat on 20 October 2021. It confirms:
  - i. what changes are expected;
  - ii. how water supply and sewerage licensees (as a whole or in groups) and customers occupying Eligible Premises (as a whole or in groups) are likely to be affected; and
  - iii. the approach (“handling strategies” as referred to by Ofwat) that, if appropriate, we may adopt to mitigate the impact on customer bills.
3. The Wholesale Charging Rules require that the Board of Thames Water Utilities Limited (the “Company”) evaluates our impact assessment of any bill increases for Retailers or customers occupying Eligible Premises exceeding five per cent. The Board must also assess any approach developed to mitigate significant bill increases.
4. The Charges 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, the Blind Year Adjustment (“BYA”) that relates to the true-up for our actual 2019/20 Outcome Delivery Incentive (“ODI”) performance and the in-period determination that relates to our actual 2022/23 ODI performance and the tax treatment of ODI payments from 2020/21 and 2021/22 as published by Ofwat in November 2023.
5. Whilst publication of a Statement of Significant Change for final wholesale charges is not required according to Ofwat’s Wholesale Charging Rules, further changes have been made relative to the indicative wholesale charges for 2024/25 that were published on 13 October 2023 that we need to notify our stakeholders of.

### Our Charges

6. Our Charges generally include an annual standing charge and/or a variable charge (reflecting the rateable value (‘RV’) of our customer’s property or the volume of consumption) that relate to the supply of water services and the supply of sewerage services, on an enduring or temporary basis.
7. Our Charges also include services provided under a special agreement (as notified to Ofwat under section 142(6A) of the WIA91).

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### Information about changes to our Charges for 2024/25

8. There are no significant changes in charging policy from the previous year.
9. We have now completed the exercise to rebalance our wastewater fixed charges to ensure that all charges levied by pipe/meter size are set such that they are consistent with the cross-sectional area of the pipe/meter and consequently are more cost reflective.
10. Our wholesale charges are increasing such that year-on-year bill increases for water supply and sewerage licensees and for water service and wastewater service customers occupying Eligible Premises will exceed five per cent when compared to 2023/24, as can be seen in Table 1 in paragraph 12 below and in Appendix 1 of our Statement of Assurance for final wholesale charges 2024/25.

### Impact of our Charges for 2024/25 on customer bills

11. We have assessed the effects of the Charges on customers occupying Eligible Premises for a range of customer types and have identified that all customers occupying Eligible Premises will have year-on-year bill increases exceeding five per cent when compared to 2023/24, assuming a constant level of consumption.
12. In Table 1 below, we set out the maximum wholesale bill increases for non-household customers relative to 2023/24 bills.

**Table 1: Maximum bill increases for non-household customers 2024/25**

	Customer type		
	Water-only	Wastewater-only	Dual service
Maximum wholesale bill increases 2024/25	7.8%	15.2%	11.7%

Source: Thames Water tariff model 2024/25

13. Appendix 1 of our Statement of Assurance for final wholesale charges 2024/25 shows a range of typical non-household bill movements for 2024/25 relative to 2023/24 bills.
14. The figures in Table 1 showing maximum wholesale bill movements and our impact assessment of all customer groups seen in Appendix 1 of our Statement of Assurance for final wholesale charges 2024/25 indicate that water-only, wastewater-only and dual service customers will experience bill increases in excess of five per cent for 2024/25.
15. Increases for wastewater are higher than for water due to relative ODI performance in 2021/22 and 2022/23. A small net reward position for wholesale water in 2021/22 has been followed by a significant penalty in 2022/23. The resultant impact on 2024/25 allowed revenues is a decrease relative to 2023/24 allowed revenues.
16. The opposite is true for wholesale wastewater as a large net penalty position in 2021/22 has been followed by a significantly reduced penalty position in 2022/23. The resultant impact on 2024/25 allowed wholesale wastewater revenues is a significant increase relative to the 2023/24 position.

[Approach to address significant changes to our Charges for 2024/25](#)

17. The Board recognises that the Charges will increase customer bills year-on-year by more than five per cent for all customer groups.
18. An additional driver of the significant bill increases for 2024/25 is high inflation. The Board recognises the wider cost-of-living pressures, and therefore appreciates the need to identify actions to mitigate significant price rises for our customers. The scope of these actions is, however, limited by the inflationary cost pressures faced by the Company and indeed the industry as a whole, in particular those relating to wage and energy-related costs the Company incurs. These additional costs are already being incurred.
19. Our Executive and Board have considered potential approaches, including the possibility of deferring revenue, to mitigate inflationary pressures on customers' bills. Our shareholders are committed to delivering our revised Turnaround Plan and have pledged a significant amount of equity funding (subject to certain conditions) over the rest of the current and next Asset Management Plan ("AMP") periods. As these funds have been allocated to help us to meet our operational targets and improve levels of service to customers, there is no scope for using the funds to facilitate a deferral of revenue. We are therefore not in a position to be able to defer bill increases from 2024/25 to future years.
20. We continue to implement changes to our social tariff in order to help those household customers that are at risk of struggling to pay their bill. In addition, the support measure offering a bill credit to customers that have a household budget deficit will continue in 2024/25. Further details will be made available in our Statement of Significant Change for Charges Schemes 2024/25 and our Statement of Assurance for Charges Schemes 2024/25, due for publication on 12 January 2024 and 1 February 2024 respectively.

[Stakeholder engagement on changes to our Charges for 2024/25](#)

21. We are in regular contact with our Retailers and engage with them via various channels to gain insight on a range of topics. We are proactively involved in the RWG project to review non-household tariff structures, so will also continue to engage with Retailers in this way regarding potential changes to wholesale charges.
22. We have had regular meetings with the Consumer Council for Water ("CCW") to discuss the impact of our Charges on customers occupying Eligible Premises. This consultation process continued when we met with CCW on 4 January 2024 to discuss our proposed Charges, the impact on bills to customers and updates to charging documentation. Whilst acknowledging the impact that the current high inflation environment and the ODI payment regime have 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.

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Declaration

23. In satisfying the requirements of the Wholesale Charging Rules, we confirm, on behalf of the Board, that the Company has followed robust and rigorous procedures in developing and considering potential options to mitigate the impact on customer bills, as discussed in this Statement of Significant Change. This was achieved through a series of meetings of the Executive Committee and the Board of the Company.
24. At the Board meeting on 27 September 2023, Cathryn Ross (Interim Co-CEO), Alastair Cochran (Chief Financial Officer and Interim Co-CEO) and Nick Land, our Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee, were authorised to sign the Statement of Assurance on the Board's behalf.
25. In order for them to do this they must be able to confirm a review has taken place of whether any customer groups will experience bill increases in excess of five per cent and that any relevant mitigating actions have been appropriately reviewed and approved. This Statement of Significant Change provides the review required and confirms that mitigating actions have been considered but are not being implemented for our wholesale charges for 2024/25. As such, this document is also being signed by the same three directors on behalf of the Board.

Dated: 9 January 2024

Dated: 9 January 2024

Signed 

Signed 

Nick Land  
Senior Independent Non-Executive Director

Alastair Cochran  
Chief Financial Officer

Dated: 8 January 2024

Signed 

Cathryn Ross  
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited