

Thames Water Utilities Limited (TWUL) Wholesale
Published date: 11 October 2024



Statement of Significant Change

2025/26

Indicative wholesale charges for the supply of
water and wastewater services

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 for the 2025/26 charging year (the “Charges”), compared with the 2024/25 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 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 as published by Ofwat in the PR24 Draft Determination (“DD”).
5. Ofwat published the PR24 DD on 11 July 2024. The tariff modelling for our indicative Charges is based on the allowed revenues within the PR24 DD. The PR24 Final Determination is currently due to be published by Ofwat on 19 December 2024 and will be reflected in our final Charges due for publication in January 2025.

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).

Information about changes to our Charges for 2025/26

8. There are no significant changes in charging policy from the previous year. However, the Retailer Wholesaler Group (“RWG”) project looking at the potential for simplifying and aligning non-household wholesale tariff structures across the industry continues, so we will consider any further output from the RWG when finalising our primary wholesale charges for 2025/26.

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9. Work to align non-household metered charging structures across the industry is likely to be recommended by the RWG for implementation in either 2025/26 or 2026/27. This will impact the volumetric unit rates applied to non-household customers on our large user tariffs. Any such exercise will however be phased over multiple years to manage the annual impact on customer bills to an appropriate level.
10. Based on our modelling for 2025/26 charges, we anticipate that year-on-year bill increases will exceed five per cent when compared to 2024/25 for water supply and sewerage licensees and for water and wastewater service customers occupying Eligible Premises.
11. For the purposes of our indicative Charges, we are using a November 2024 inflation (CPIH) forecast¹ of 3.2%. Our final Charges due for publication in January 2025 will be based on actual November 2024 CPIH, due to be published by the Office for National Statistics on 18 December 2024.

Impact of our Charges for 2025/26 on customer bills

12. In Table 1 below we set out the maximum wholesale bill increases for non-household customers relative to 2024/25 bills.

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

| | Customer type | | |
|---|---------------|-----------------|--------------|
| | Water-only | Wastewater-only | Dual service |
| Maximum indicative wholesale bill increases 2025/26 | 13.0% | 15.1% | 14.6% |

Source: Thames Water tariff model 2025/26 draft v1.0

13. Appendix 1 shows a range of typical non-household bill movements for 2025/26 relative to 2024/25 bills.
14. The figures in Table 1 showing maximum wholesale bill movements and our impact assessment of all customer groups seen in Appendix 1 indicate that water-only, waste-only and dual service customers will experience bill increases in excess of five per cent for 2025/26.

Approach to address significant changes to our Charges for 2025/26

15. The Board recognises that the Charges will increase the water and wastewater prices included within customer bills by more than five per cent and that the effect on a combined bill will also exceed a five per cent year-on-year increase for dual service customer groups.
16. The primary driver for the price increases that will impact bills in 2025/26 is the level of allowed revenue included within the PR24 DD 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

¹ Our CPIH consensus uses an average of forecasts from Barclays, HSBC, Morgan Stanley and Natwest Markets.

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Plan². This follows decades of our average household bill being below the industry average and below the level that it was 10 years ago, before inflation.

17. The Board recognises the recent cost-of-living pressures that are still being felt by customers, and therefore appreciates the need to identify actions to mitigate against significant price rises. The scope of these actions is, however, limited by the inflationary cost pressures and investment requirements faced by the Company and indeed the industry as a whole.
18. Whilst we would normally continue to consider what mitigating actions could be taken to minimise bill increases as we approach the publication of our final Charges in January 2025, we do not consider them appropriate or practicable at this time given the inclusion of price increases of this magnitude within the PR24 DD published by Ofwat.
19. Our indicative Charges as published do not include any such mitigating action, however we will communicate any approach that has been implemented at the time of publishing our final Charges for 2025/26.
20. We will be publishing on our website information for customers on price rises for 2025/26 for each tariff type (metered and unmeasured) along with the reasons for the increases. Links to the relevant webpages will be shared with Ofwat and the Consumer Council for Water ("CCW") as set out in the requirements of Information Notice IN23/09.

[Stakeholder engagement on changes to our Charges for 2025/26](#)

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 participate in the RWG project to review non-household tariff structures (see paragraphs 8 and 9 above), so will also continue to engage with Retailers in this way regarding potential changes to wholesale charges.
22. We have had discussions with CCW regarding the proposed approach to our Charges. Acknowledging the impact of the PR24 DD on customer bills, so far, no concerns have been raised by CCW. As required by the Wholesale Charging Rules, we will consult with CCW further in advance of publishing our Wholesale Tariff Document 2025/26 in January 2025.

[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 the potential approach that we may adopt to mitigate 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 2 October 2024, Cathryn Ross (Strategy & External Affairs Director), Alastair Cochran (Chief Financial Officer) and Nick Land, our Senior

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

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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 the purposes of our indicative Charges. As such, this document is also being signed by the same three directors on behalf of the Board.

Dated: 8 October 2024

Signed



Nick Land
Senior Independent Non-Executive Director

Dated: 8 October 2024

Signed



Alastair Cochran
Chief Financial Officer

Dated: 8 October 2024

Signed



Cathryn Ross
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited

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 | 698 | 13.0% |
| NHH unmeasured bill wastewater - area 4 £500 RV | 1,322 | 1,522 | 15.1% |
| Combined bill - unmeasured (area 4 £500 RV) | 1,940 | 2,221 | 14.5% |
| NHH metered bill water - 8,000m ³ | 15,316 | 17,314 | 13.0% |
| NHH metered bill wastewater - 8,000m ³ | 9,760 | 11,235 | 15.1% |
| Combined bill - metered (40mm pipe) | 25,076 | 28,549 | 13.9% |
| NHH metered bill water - 25,000m ³ | 47,049 | 53,185 | 13.0% |
| NHH metered bill wastewater - 25,000m ³ | 30,963 | 35,644 | 15.1% |
| Combined bill - metered (80mm pipe) | 78,012 | 88,829 | 13.9% |
| NHH metered bill water - 150,000m ³ | 234,434 | 265,010 | 13.0% |
| NHH metered bill wastewater - 150,000m ³ | 170,006 | 195,702 | 15.1% |
| Combined bill - metered (150mm pipe) | 404,440 | 460,712 | 13.9% |
| NHH metered bill water - 500,000m ³ | 665,199 | 751,955 | 13.0% |
| NHH metered bill wastewater - 500,000m ³ | 508,134 | 584,937 | 15.1% |
| Combined bill - metered (1 x 250mm pipe) | 1,173,333 | 1,336,892 | 13.9% |
| Bus assessed - water - 3,000m ³ | 5,744 | 6,493 | 13.0% |
| Bus assessed - wastewater band - 3,000m ³ | 3,829 | 4,408 | 15.1% |
| Combined bill - business assessed (30mm pipe) | 9,573 | 10,901 | 13.9% |
| TRADE EFFLUENT | | | |
| R (m ³) | 551 | 635 | 15.1% |
| V (m ³) | 644 | 742 | 15.1% |
| B (kg) | 866 | 997 | 15.1% |
| S (kg) | 392 | 452 | 15.1% |
| Wholesale fixed charge | -51 | -51 | 0.0% |
| Total TE bill (3,000m ³) | 2,403 | 2,774 | 15.4% |
| R (m ³) | 29,860 | 34,380 | 15.1% |
| V (m ³) | 34,460 | 39,680 | 15.1% |
| B (kg) | 24,810 | 28,560 | 15.1% |
| S (kg) | 37,752 | 43,458 | 15.1% |
| Annual large user charge | 24,827 | 28,581 | 15.1% |
| Total TE bill (200,000m ³) | 151,709 | 174,659 | 15.1% |

Source: Thames Water tariff model 2025/26 draft v1.0