

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



Statement of Significant Change

2025/26

Final wholesale charges for the supply of water
and wastewater services

Statement of Significant Change for final wholesale charges 2025/26

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 2025/26 charging year, compared with the 2024/25 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN 24/08 (‘Expectations, assurance and information requirements for water company charges for 2025-26’) published on 24 October 2024 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 Price Review 2024 (“PR24”) Final Determination (“FD”) as published by Ofwat on 19 December 2024.
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 2025/26 that were published on 11 October 2024 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).

Information about changes to our Charges for 2025/26

8. There are no significant changes in charging policy from the previous year.
9. For 2025/26, we are processing a change to remove a legacy unmeasured water fixed charge, instead recovering the associated revenue through our variable charges. For customers charged according to the Rateable Value (“RV”) of their property, the removal

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of the unmeasured water fixed charge to instead be recovered through variable RV charges will be phased over the course of the next three years due to the impact that it will have on customers with a higher RV.

10. The Retailer Wholesaler Group (“RWG”) will be publishing a good practice guide in early 2025 setting out a proposed industry-wide non-household metered charging structure. In line with this, we will commence implementation of the common charging structure in our 2026/27 charges. This will impact the volumetric unit rates applied to non-household customers on our large user tariffs. Introduction of the new structure will be phased over multiple years to manage the annual impact on customer bills to an appropriate level.
11. 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 2024/25, as can be seen in Table 1 in paragraph 14 below and in Appendix 1 of our Statement of Assurance for final wholesale charges 2025/26.
12. Inflation (CPIH) for November 2024, as published by the Office for National Statistics¹, was 3.5% and has been applied to our allowed revenues in accordance with our Instrument of Appointment.

Impact of our Charges for 2025/26 on customer bills

13. 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 2024/25, assuming a constant level of consumption.
14. 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

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

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

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

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. 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.
19. 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.
20. 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.
21. 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.

Stakeholder engagement on changes to our Charges for 2025/26

22. 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, so will also continue to engage with Retailers in this way regarding potential changes to wholesale charges.
23. 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.

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

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Declaration

24. 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.
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 the Statement of Assurance on the Board's behalf.
26. 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 2025/26. As such, this document is also being signed by the same three directors 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