

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



Statement of Significant Change

2026/27

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 2026/27 charging year (the “Charges”), compared with the 2025/26 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN25/04 (‘Expectations, assurance and information requirements for water company charges for 2026-27’) published on 2 October 2025 and section A4 of the Annex to the Wholesale Charging Rules published by Ofwat on 1 October 2025. 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 Final Determination (“FD”) adjusted for our forecast view of the in-period determination that reflects Outcome Delivery Incentive (“ODI”) payments relating to our actual performance from 2024/25.
5. Ofwat is due to publish the in-period determination of 2024/25 performance by 15 November 2025. This final view will be reflected in our final Charges due for publication in January 2026. In the meantime, we are basing our Charges on allowed revenues derived from the Blind Year Reconciliation (“BYR”) submission that we provided to Ofwat in July 2025 alongside our Annual Performance Report (“APR”) for 2024/25.
6. We have also factored in a reduction to our wholesale water allowed revenues for the Blind Year Adjustment (“BYA”) that updates the forecast performance for 2024/25 that was built into the PR24 FD for the actual performance recorded across metrics including wholesale revenue recovery.

Our Charges

7. 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.
8. 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 2026/27

9. There are no significant changes in charging policy from the previous year.
10. For the purposes of our indicative Charges, we are using a November 2025 inflation (CPIH) forecast¹ of 3.5%. Our final Charges due for publication in January 2026 will be based on actual November 2025 CPIH, due to be published by the Office for National Statistics on 17 December 2025.

Impact of our Charges for 2026/27 on customer bills

11. Based on our modelling for 2026/27 charges, prior to applying any reductions to our allowed revenues due to the BYA, we anticipate that year-on-year bill increases will exceed five per cent when compared to 2025/26 for all water-only customers and most dual service customers occupying Eligible Premises.
12. A significant negative adjustment is expected in our BYA, primarily due to the £83m revenue over-recovery recorded in 2024/25 which is compared to a zero over-recovery assumption in the PR24 FD. The BYA can be profiled over the period 2026/27 to 2029/30 at the discretion of each water company.
13. In considering how to use the BYA to smooth bill impacts for customers across the 2026 – 2030 period, we have currently applied a reduction of £33m to our wholesale water allowed revenue in setting our indicative Charges for 2026/27.
14. The effect of this is that all wastewater-only and dual service customers as well as our business retail customers are likely to see year-on-year bill movements of less than five per cent when compared to 2025/26. Price rises for water-only customers will however remain above the five per cent threshold.
15. In Table 1 below, we set out the maximum wholesale bill increases for non-household customers relative to 2025/26 bills both before and after the application of the BYA.

Table 1: Maximum indicative bill increases for non-household customers 2026/27

	Customer type		
	Water-only	Wastewater-only	Dual service
Maximum indicative wholesale bill increases before BYA	12.2%	(3.9%)	5.8%
Maximum indicative wholesale bill increases after BYA	10.0%	(3.9%)	4.5%

Source: Thames Water tariff model 2026/27 draft v2.0

16. Appendix 1 shows a range of typical non-household bill movements for 2026/27 relative to 2025/26 bills.
17. The figures in Table 1 showing maximum wholesale bill movements and our impact assessment of all customer groups seen in Appendix 1 indicate that after application of

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

Statement of Significant Change for indicative non-household wholesale charges 2026/27

the BYA, water-only customers will experience bill increases in excess of five per cent for 2026/27.

Approach to address significant changes to our Charges for 2026/27

18. The primary driver for the increase in our water prices that will impact bills in 2026/27 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.
19. The Board recognises the ongoing 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. We are therefore proposing to apply enough of the BYA in 2026/27 to bring price rises to below five per cent for all wastewater-only and dual service customers, retaining the remainder of the BYA to allow bill profiles in the latter part of the 2025 – 2030 period to follow a smoother trajectory.
20. Other options for the BYA profile were considered (such as front or back-loading the adjustment), however a phased approach will increase the likelihood of keeping year-on-year bill increases to below five per cent for as many years as possible between 2026 and 2030.
21. For our c.50,000 water-only household and non-household customers, price rises for services provided by Thames Water will be in excess of five per cent. This could not be avoided even by applying the entirety of the wholesale water BYA. We do not consider further mitigating action (such as voluntary revenue deferral) to be appropriate or practicable at this time given the inclusion of price increases of this magnitude within the PR24 FD published by Ofwat.
22. We will be communicating with our customers on price rises for 2026/27 through information published on our website and, where relevant, on customers' bills.

Stakeholder engagement on changes to our Charges for 2026/27

23. 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") project to review non-household tariff structures, so will also continue to engage with Retailers in this way regarding potential changes to wholesale charges.
24. The RWG Good Practice Guide² published in February 2025 sets out a common charging structure for metered wholesale charges that are applied to non-household customers. Aligning to this common structure will impact a small number of our intermediate water users (those using between 20,000m³ and 50,000m³ per annum) with further price rises.
25. Given the already significant increases that will apply to our water charges for 2026/27, we are considering whether to defer the start of the phased implementation of the new structure. At present, the phased implementation has not been included in our indicative

² ['Simplification and harmonisation of metered consumption bands'](#), RWG, February 2025

Statement of Significant Change for indicative non-household wholesale charges 2026/27

Charges. This will be kept under review ahead of publication of our final Charges in January 2026.

26. We have had discussions with the Consumer Council for Water (“CCW”) who are supportive of our proposed approach to our Charges, acknowledging the impact of the PR24 FD on customer bills and the mitigating action we are taking in partially applying the BYA. As required by the Wholesale Charging Rules, we will consult with CCW further in advance of publishing our Wholesale Tariff Document 2026/27 in January 2026.

Declaration

27. 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.
28. At the Board meeting on 1 October 2025, Cathryn Ross (Strategy & External Affairs Director), Steve Buck (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.
29. 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 and are 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.

Statement of Significant Change for indicative non-household wholesale charges 2026/27

Dated: 7 October 2025

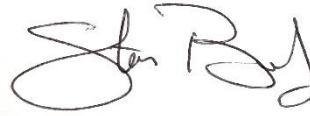
Signed



Nick Land
Senior Independent Non-Executive Director

Dated: 6 October 2025

Signed



Steve Buck
Chief Financial Officer

Dated: 9 October 2025

Signed



Cathryn Ross
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited

Appendix 1: Non-household 2026/27 typical bill movements

Table 2 - Typical bill values of non-household customers

	2025-26 (£)	2026-27 (£)	Change (%)
NHH unmeasured bill water - area 4 £500 RV	815	894	9.8%
NHH unmeasured bill wastewater - area 4 £500 RV	1,774	1,705	-3.9%
Combined bill - unmeasured (area 4 £500 RV)	2,589	2,599	0.4%
NHH metered bill water - 8,000m ³	19,794	21,766	10.0%
NHH metered bill wastewater - 8,000m ³	13,095	12,586	-3.9%
Combined bill - metered (40mm pipe)	32,890	34,352	4.4%
NHH metered bill water - 25,000m ³	60,806	66,861	10.0%
NHH metered bill wastewater - 25,000m ³	41,545	39,929	-3.9%
Combined bill - metered (80mm pipe)	102,351	106,790	4.3%
NHH metered bill water - 150,000m ³	302,976	333,146	10.0%
NHH metered bill wastewater - 150,000m ³	228,102	219,223	-3.9%
Combined bill - metered (150mm pipe)	531,078	552,369	4.0%
NHH metered bill water - 500,000m ³	859,696	945,296	10.0%
NHH metered bill wastewater - 500,000m ³	681,776	655,236	-3.9%
Combined bill - metered (1 x 250mm pipe)	1,541,472	1,600,532	3.8%
Bus assessed - water - 3,000m ³	7,423	8,162	10.0%
Bus assessed - wastewater band - 3,000m ³	5,138	4,938	-3.9%
Combined bill - business assessed (30mm pipe)	12,561	13,100	4.3%
TRADE EFFLUENT			
R (m ³)	740	711	-3.9%
V (m ³)	865	831	-3.9%
B (kg)	1,162	1,117	-3.9%
S (kg)	526	506	-3.9%
Wholesale fixed charge	-51	0	100.0%
Total TE bill (3,000m ³)	3,242	3,165	-2.4%
R (m ³)	40,060	38,500	-3.9%
V (m ³)	46,240	44,440	-3.9%
B (kg)	33,290	31,995	-3.9%
S (kg)	50,658	48,690	-3.9%
Annual large user charge	33,313	32,017	-3.9%
Total TE bill (200,000m ³)	203,561	195,642	-3.9%

Source: Thames Water tariff model 2026/27 draft v2.0