

Thames Water Utilities Limited (TWUL) Wholesale

Published date: 13 January 2026



Statement of Significant Change

2026/27

Final wholesale charges for the supply of
water and wastewater services

Statement of Significant Change for final wholesale charges 2026/27

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 Price Review 2024 (“PR24”) Final Determination (“FD”) adjusted for the in-period determination that reflects Outcome Delivery Incentive (“ODI”) payments relating to our actual performance from 2024/25, published by Ofwat on 13 November 2025.
5. Now a requirement of Ofwat’s Wholesale Charging Rules, this Statement of Significant Change for final wholesale charges documents further changes that have been made relative to the indicative wholesale charges for 2026/27 that were published on 13 October 2025 that we need to notify our stakeholders of.
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. The process of removing a legacy unmeasured wholesale water fixed charge, instead recovering the associated revenue through our variable charges has been put on hold in 2026/27. This process commenced in 2025/26 and was to be phased over three years, however, due to the significant increases in our wholesale water charges in 2026/27, the phased change will recommence in 2027/28 to limit the impact that it will have on customers with a higher Rateable Value.
11. The Retailer Wholesaler Group (“RWG”) published a Good Practice Guide¹ in February 2025 setting out a proposed industry-wide non-household metered charging structure. Following consultation with Retailers, we are commencing a phased implementation of the common charging structure in our 2026/27 charges.
12. This will primarily impact the non-household customers on our intermediate water user tariff that use between 20,000m³ and 50,000m³ per year who will be moved onto our standard user tariff. Alignment with the new structure will be phased over multiple years to manage the annual impact on customer bills to an appropriate level (see paragraphs 29 and 30 for more information).
13. Inflation (CPIH) for November 2025, as published by the Office for National Statistics², is 3.5% and has been applied to our allowed revenues in accordance with our Instrument of Appointment.

Impact of our Charges for 2026/27 on customer bills

14. 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.
15. Our BYA represents a significant negative adjustment to our allowed revenues, primarily due to the 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.
16. In considering how to use the BYA to smooth bill impacts for customers across the 2026 – 2030 period, we are applying a reduction of £10m to our wholesale water allowed revenue in setting our Charges for 2026/27.
17. The effect of this is that all wastewater-only and dual service customers as well as our business retail customers will 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.

¹ [Simplification and harmonisation of metered consumption bands](#), RWG, February 2025

² [“Consumer price inflation, UK: November 2025”](#), Office for National Statistics, 17 December 2025

Statement of Significant Change for final wholesale charges 2026/27

18. 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 bill increases for non-household customers 2026/27

	Customer type		
	Water-only	Wastewater-only	Dual service
Maximum wholesale bill increases before BYA	12.4%	(4.9%)	5.3%
Maximum wholesale bill increases after BYA	11.7%	(4.9%)	4.9%

Source: Thames Water tariff model 2026/27

19. Appendix 1 of our Statement of Assurance for final wholesale charges 2026/27 shows a range of typical non-household bill movements for 2026/27 relative to 2025/26 bills.

20. 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 2026/27 indicate that after application of 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](#)

21. 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.

22. 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.

23. 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.

24. 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. Around 70% of these customers are not in receipt of mains sewerage services and, as our prices for Cess services typically follow the movements in our wholesale wastewater charges, the combined bill impact for these customers is likely to be in line with our own dual service customer base.

25. For the remaining customers that receive mains sewerage services from another water company, based on the indicative wholesale wastewater price increases for the three

Statement of Significant Change for final wholesale charges 2026/27

companies in question (Anglian Water, Severn Trent and Wessex Water) that range between 7% and 15%, taking further proportionate mitigating action on our wholesale water charges would have only a limited impact on the combined bill increase for these customers.

26. We therefore do not consider further mitigating action to be appropriate or practicable at this time, also given the inclusion of price increases of this magnitude within the PR24 FD published by Ofwat.

27. 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

28. 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.

29. In October 2025, we issued a consultation to Retailers seeking views on the timelines for implementing the metered consumption band Good Practice Guide (see paragraphs 11 and 12 above). Whilst responses were mixed with no clear consensus, we have decided to start the process of aligning to the proposed structure in 2026/27, whilst still ensuring that dual service price rises for any affected customers do not exceed the "significant" five per cent threshold set out within the wholesale charging rules.

30. In 2026/27, this phased implementation unwinds 20% of the discount currently applied to intermediate water users which, at present, reaches a maximum of 5% compared to our standard user tariff. The maximum additional impact in 2026/27 on intermediate water users is 1.1% on their water service charges and 0.7% on their dual service bill.

31. 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 19 December 2025 to discuss our proposed Charges, the impact on bills to customers and updates to charging documentation. CCW were 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.

Declaration

32. 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.

33. 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

Statement of Significant Change for final wholesale charges 2026/27

Non-Executive Director and Chair of our Audit and Risk Committee, were authorised to sign the Statement of Assurance on the Board's behalf.

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

Dated: 9 January 2026

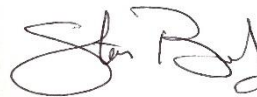
Signed



Nick Land
Senior Independent Non-Executive Director

Dated: 9 January 2026

Signed



Steve Buck
Chief Financial Officer

Dated: 9 January 2026

Signed



Cathryn Ross
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited