

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



Statement of assurance 2026/27

Indicative wholesale charges for the supply of
water and wastewater services

Statement of Board Assurance for indicative non-household wholesale charges 2026/27

Introduction

1. The purpose of this document is to provide a statement of our assurance in relation to our indicative 2026/27 wholesale tariffs (the “Charges”).
2. 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.
3. 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.
4. 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.

Board endorsement of this assurance statement

5. The Board of Thames Water Utilities Limited (the “Company”) accepts ownership of, and accountability for, the development of the Charges.
6. This statement has been approved by the Board and signed by Cathryn Ross (Strategy & External Affairs Director), Steve Buck (Chief Financial Officer) and Nick Land (Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee) on behalf of the Board of the Company.
7. In approving the Charges, the Board has made the following key considerations which are discussed in more detail below:
 - all relevant legal obligations and guidance;
 - bill movements, impact assessments and the associated approach (“handling strategies” as referred to by Ofwat) that, if appropriate, we may adopt to mitigate impact on customer bills;
 - the existence of appropriate systems and processes used to set our charges; and
 - engagement with relevant stakeholders.

Legal Obligations and Guidance

8. Thames Water’s Charges have been prepared in accordance with its legal obligations and the Wholesale Charging Rules published on 1 October 2025 by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991.

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9. The Charges also comply with information requirements as set out in Ofwat's Information Notice IN25/04 ('Expectations, assurance and information requirements for water company charges for 2026-27') published on 2 October 2025.
10. Thames Water has also taken into account the Company's statutory obligations relating to charging.

Bill movements, impact assessments and mitigating actions

11. The Board has assessed the effects of the Charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) for a range of customer types.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.

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

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

18. 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.
19. 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 Significant Change for indicative 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.
20. 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.
21. 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.
22. 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.
23. 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.

Appropriate systems and processes

24. In assessing whether there are systems and processes in place (including up-to-date models and data) to make sure the information published about our Charges is accurate, the Board has considered:
- the rigorous system for compiling, collating and managing the data and information required to produce the Charges;

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- the governance framework detailing the assurance approach adopted and the outcome of the independent review of the tariff model by Internal Audit;
- the process of internal review and formal sign off by approved appropriately qualified members of staff;
- confirmation of the degree of assurance undertaken on the source information / data used in the tariff calculations;
- the dedicated and assured charge multiplier and tariff models used to determine wholesale and retail tariffs;
- confirmation that the Charges have been calculated in a manner compliant with the individual price controls; and
- confirmation that there are no material issues outstanding arising from the assurance work undertaken.

Engagement with stakeholders

25. 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.

26. 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.

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

28. 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.

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

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Board approval process

29. In satisfying Ofwat's requirements specified in the Wholesale Charging Rules (published on 1 October 2025) and Information Notice IN25/04 ('Expectations, assurance and information requirements for water company charges for 2026-27') published on 2 October 2025, the Board confirms that the Company has followed robust and rigorous procedures in developing and approving the Charges.

30. 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 assurance statements on the Board's behalf, and in doing so confirm that:

- the Charges are consistent with Thames Water's legal obligations in relation to wholesale charges;
- the Board has considered the impact of the Charges on customer bills for different customer groups; and
- the Board has satisfied itself that appropriate systems and processes are in place to ensure that the Charges are accurate.

Signed by, and on behalf of the Board:

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

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For and on behalf of Thames Water Utilities Limited