

Thames Water Utilities Limited (TWUL) Wholesale

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Wholesale charges 2026/27 and AMP8 information document

Introduction

1. The purpose of this document is to set out additional information relating to the increases in our wholesale charges for 2026/27 and for the rest of the 2025 – 2030 period known as AMP8.
2. This document has been prepared according to the requirements set out in the request issued by the Retailer Wholesaler Group (“RWG”) Tariffs Subgroup on 7 February 2025¹. The following topics are therefore covered in this document:
 - i. The main components of 2026/27 wholesale price rises;
 - ii. Key areas of expenditure and investment and the benefits that this will deliver;
 - iii. How wholesale prices are likely to move over the period of AMP8; and
 - iv. The support available to non-household (“NHH”) customers from wholesalers to help them reduce their demand.
3. Table 1 summarises the typical increases in wholesale charges for NHH customers for 2026/27.

Table 1: Typical non-household wholesale bill increases for 2026/27

	Unmeasured bills	Metered bills
Water-only increase (%)	10.5%	10.7%
Waste-only increase (%)	(4.9%)	(4.9%)
Combined bill increase (%)	4.1%	4.1%

4. The RWG published a Good Practice Guide² in February 2025 setting out a proposed industry-wide non-household metered charging structure.
5. 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 can be phased over more than one year to manage the annual impact on customer bills to an appropriate level.
6. In October 2025, we issued a consultation to Retailers seeking views on the timelines for implementing the metered consumption band Good Practice Guide. 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

¹ [‘2025/26 Wholesale Price Rises: Increasing Transparency for NHH Customers’](#), RWG Tariff Subgroup, February 2025

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

affected customers do not exceed the “significant” 5% threshold set out within the wholesale charging rules.

7. 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.
8. The sections that follow address the topics set out in paragraph 2.

Components of wholesale price rises 2026/27

9. In Table 2, we set out the movements in our wholesale water and wholesale wastewater allowed revenues between 2025/26 and 2026/27.
10. As can be seen in the table, the majority of the movements in our allowed revenues is attributable to the underlying movements set out in the PR24 Final Determination (“FD”). This recognises the phasing of 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 Plan³.
11. More detailed and technical explanations for the other categories used in the table are set out in Appendix 1.

Table 2: Wholesale allowed revenue bridge from 2025/26 to 2026/27 (outturn prices)

	Water	Waste	Total	Movement
	£m	£m	£m	%
Allowed revenue 2025-26	1,500.7	1,931.9	3,432.7	
Uplift for inflation (CPIH)	53.5	64.2	117.7	3.4%
Movement in ODI payments	-10.9	-32.2	-43.1	-1.3%
Movement in RFI	0.0	0.0	0.0	0.0%
Movement in BYA	-10.0	0.0	-10.0	-0.3%
Movement in TTT IP charge	0.0	2.2	2.2	0.1%
Impact of PR24 FD	147.6	-132.2	15.3	0.4%
Allowed revenue 2026-27	1,680.9	1,833.9	3,514.9	2.4%

12. Note that ‘ODI payments’ represent the rewards and penalties relating to Outcome Delivery Incentives (“ODIs”), the ‘RFI’ is the Revenue Forecasting Incentive, the ‘BYA’ is the Blind Year Adjustment and the ‘TTT IP’ charge relates to the Thames Tideway Tunnel Infrastructure Provider.

³ [PR24 Draft Determination response – Strategic Narrative](#), Thames Water, August 2024

Key areas of investment and the associated benefits

13. We're carrying out the biggest ever upgrade to our network. With a record-breaking investment of over £20 billion, we're fixing leaks, reducing pollution and protecting water quality. This isn't just maintenance. This is a ground-breaking programme designed to upgrade our water and wastewater services for generations to come.
14. The money customers spend on their bills will directly contribute to this work. Customers will be helping to fund a stronger water system, healthier rivers and top-quality drinking water.
15. We are investing in the following areas that will bring benefits to our customers and the environment:
 - Investing billions of pounds to boost the resilience of our water network
 - Replacing hundreds of miles of leaky pipes
 - Installing over 1 million more smart meters and using innovative tech to help locate leaks
 - Investing to improve the quality of water before treatment
 - Carrying out more than half a million water quality tests every year
 - Replacing lead water supply pipes
 - Investing £5 billion to upgrade hundreds of sewage treatment works
 - Cleaning sewers regularly to reduce blockages that cause sewer flooding
 - Upgrading stormwater systems to reduce storm overflows

Wholesale price increases for AMP8

16. In Table 3, we set out the movements in our AMP8 wholesale allowed revenues as per our latest internal forecasts. Note that these figures are in outturn prices, so we have already factored in the effects of inflation. We have used a recent internal forecast for inflation, rather than the forecast included within the PR24 FD.

Table 3: Movement in forecast AMP8 wholesale allowed revenue (outturn prices)

	2026-27	2027-28	2028-29	2029-30
Allowed revenue – wholesale (£m)	£3,515m	£3,517m	£3,684m	£3,883m
Movement in allowed revenue (%)	2.4%	0.1%	4.7%	5.4%

17. At present, we can't say with any certainty what our price rises may be for the remainder of AMP8, however we do know that they will be a lot lower than the increases that were applied for 2025/26.
18. The table above shows our forecast wholesale allowed revenues in outturn prices as derived from Ofwat's PR24 FD. The revenue figures use the current forecast view of performance in AMP8 for our Performance Commitments and subsequent ODI payments.
19. As such, the figures for 2027/28 onwards are still subject to change for regulatory mechanisms such as ODI payments that may apply during AMP8 and for revenue adjustments to account for over or under-recoveries in previous years.
20. The movements in these allowed revenue figures should give an indication of the direction of travel for future wholesale price rises but will be superseded by indicative prices published in the October and final prices published in the January before the start of each charging year.
21. The impact from other Ofwat mechanisms (Gated schemes and Delivery Mechanisms) is excluded. The revenue figures also do not reflect any potential impact from a CMA referral or the acceptance by Ofwat of the recently submitted Creditor plan for the recapitalisation of Thames Water.

Support available to non-household customers from Thames Water

22. We will install approximately 25,000 smart meters each year on NHH properties giving customers better, more reliable and timely information about their water use. By 2030 all meters at NHH properties in the Thames area will be smart.
23. Utilising the data from these smart meters, we will continue to send monthly notifications to retailers and letters to NHH customers to notify them of a continuous flow on the property and encourage a self-fix to reduce wasted water. A continuous flow is flagged when there is one litre of water flowing through the meter 24 hours a day for fourteen consecutive days. We currently send out approximately 1,000 letters per month, with this number due to increase with further smart meter installation.
24. We have made a big increase to our water efficiency incentive offer to retailers going into AMP8, to reward evidenced water efficiencies that you enable your non-household customer to deliver. This will reward the retailer directly for water efficiency interventions with a one-off payment of £0.24 per litre saved per day (up from £0.09).
25. We will also work with retailers to deliver around 3,000 Smarter Business Visits (SBVs) per year. These visits are delivered to NHH customers by qualified plumbers and focused on domestic water use within the business and save on average 3,500 litres per visit per day. The plumbers will install water saving devices such as urinal controls, tap inserts and showerheads where appropriate. They will also find and fix internal wastage events e.g. leaky loos.

Appendix 1: Explanations of regulatory movements in allowed wholesale revenue 2026/27

The more technical explanations below relate to the regulatory mechanisms used in Table 2.

- **Movement in ODI payments**

Outcome Delivery Incentive (“ODI”) payments relate to the rewards and penalties applied by Ofwat for our operational performance from prior years. They are applied with a two-year lag. Our 2025/26 allowed revenue was impacted by our performance in 2023/24 whilst our 2026/27 allowed revenue is impacted by our performance in 2024/25.

As our operational performance against our Performance Commitments worsened between 2023/24 and 2024/25 (i.e. our ODI net penalties increased between these two years), this contributed a decrease in our allowed revenues between 2025/26 and 2026/27.

- **Movement in RFI**

The Revenue Forecasting Incentive (“RFI”) mechanism set by Ofwat adjusts our wholesale allowed revenues to correct for over and under-recoveries against allowed revenues in prior years. It is applied with a two-year lag as for ODI payments, as set out above.

The RFI does not apply in the first two years of each AMP as the revenue true-up process is reset with each price control. As such, there was no RFI adjustment made explicitly to our allowed revenues in either 2025/26 or 2026/27, so this line of Table 2 is set to zero.

- **Movement in BYA**

The Blind Year Adjustment (“BYA”) relates to an Ofwat mechanism to correct for the actual operational and revenue recovery performance in the final year of the prior price control period that was not known at the time that the Final Determination was published. This adjustment therefore relates to our performance from 2024/25, specifically the difference in the assumed performance included in the PR24 FD and the actual performance recorded in our Annual Performance Report 2024/25, published in July 2025.

The BYA did not feature in our 2025/26 allowed revenues, however in 2026/27 we are applying a £10m reduction to our wholesale water revenues to partially offset the significant increases in our wholesale water prices. As such, the movement in the BYA reduced our allowed revenues between 2025/26 and 2026/27.

- **Movement in TTT IP charge**

The Thames Tideway Tunnel (“TTT”) Infrastructure Provider (“IP”) charge is an additional price control that applies only to Thames Water. It enables Tideway, the company delivering the construction of the TTT, to recover the revenues needed to fund the project. Thames Water recovers this revenue from its household and non-household wastewater customers and passes it on to Tideway in accordance with the price control agreed between Ofwat and Tideway.

The TTT IP charge for 2026/27 is marginally higher than the charge for 2025/26. As such, the movement in the TTT IP charge increased our allowed revenues between 2025/26 and 2026/27.