



Statement of Assurance for 2026-27 Charging Arrangements for New Connection Services

Thames Water Utilities Limited (TWUL)

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Version 1.0

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Board endorsement of this assurance statement

At the Board meeting on 1 October 2025, Cathryn Ross Strategy and External Affairs Director, Steve Buck Chief Financial Officer, and Nick Land Independent Non-executive Director, were authorised to sign the assurance statements on the Board's behalf.

Requirements for this assurance statement

Our Charging Arrangements for New Connection Services ("Charging Arrangements") sets out our charges and methodologies for calculating those charges which we will apply during the period from 1 April 2026 to 31 March 2027 in relation to the following:

1. Charges that we will impose for work carried out by us in accordance with the duties imposed by section 41(1) (provision of requisitioned water mains) and section 98(1) (provision of requisitioned public sewer) of the Water Industry Act 1991 (the "Act").
2. Charges that we will impose for work carried out by us in accordance with the duties (or rights) created by the following sections of the Act: 45(1) (connection with water main), 46(1) (ancillary works for the purpose of making a domestic connection), 98(1A) (provision of lateral drains), 101B (construction of lateral drains following construction of a public sewer) and 107 (right of undertakers to make communication with public sewers).
3. Charges that we will impose for any work carried out by us in respect of any agreement under section 51A or section 104 of the Act.
4. Our methods for calculating the charges imposed by us pursuant to section 185(5) of the Act as a result of complying with our duty under section 185(1) of the Act; and
5. Our requirements for security in relation to the charges to be applied in our Charging Arrangements as well as details about the time and methods of payment that our customers can use to pay our charges.
6. Infrastructure Charges described in section 146(2) of the Act.

A copy of our Charging Arrangements will be made available on our website (www.thameswater.co.uk).

Our Assurance Statement must confirm the following:

- We comply with our legal obligations (including competition law) relating to the Charging Rules for New Connections Services (the Rules) made under sections 51CD, 105ZF, 143B and 144ZA of the Water Industry Act 1991, effective from April 2026.
- We have appropriate systems and processes in place to make sure that the information contained in the Charging Arrangements, the statement of significant changes and this assurance statement is accurate.
- Any significant changes to charges for new connections services.

Endorsement of this assurance statement

We confirm, on behalf of our Board, that:

- Our Board accepts ownership of, and accountability for, the development of our Charging Arrangements. Our Board has ensured that the Charging Arrangements have been produced under agreed governance and assurance arrangements, which have enabled us to confirm that, insofar as we are aware, the Charging Arrangements are robust and comply with all relevant regulatory requirements in all material respects.
- This is the Statement of Assurance of the Company to accompany the Charging Arrangements in accordance with the requirements set out in the Rules.
- The following statements of assurance are true to the best of the Board's understanding and awareness:

A. We comply with our obligations relating to the Rules.

In addition to publishing our Charging Arrangements, the following steps have been taken to comply with the requirements of the Rules and the Competition Act 1998:

Stakeholder engagement

We have engaged and consulted extensively over the last year when developing our 2026/27 charging framework. A list of key activities includes the following:

- We held a Developer Scrutiny Panel in February 2025 and a Nav forum in March 2025 where we briefed attendees on our final prices and outcomes of our consultation for 2025-26 and discussed the new compliance requirements for Environmental Incentives and timing of payments.
- We held a Developer Scrutiny Panel in November 2025 where we discussed the upcoming changes to our 2026-27 charges and sought feedback ahead of issuing our consultation.
- We ran a two-week consultation from 26 November 2025 where we gave updates about the deferral of unbundling traffic management from our fixed charges and advised that fixed prices for Lateral Drains would be removed from our charging arrangements in 2026-27. We sought feedback on the compliance notification on Environmental Incentives and requested information on planned activity levels for the next few years in the current economic climate.
- In December 2025 we provided a summary of our plans to the Consumer Council for Water (CCW).

Determination of charges

- We are not obliged to publish fixed charges in relation diversions or requisitions that fall within the exemption under rules 47 and 48. From 2026-27 the charging rules have been amended to include Lateral Drains within this exemption, so we will stop publishing fixed prices for these connections in 2026-27. Our methods for calculating these charges are clearly explained in our Charging Arrangements. We include indicative charges for a non-complex sewer requisition, but not for Lateral Drains as these can fluctuate significantly and we only carry out a very small number of these jobs.

- For all other charges, where we are required to publish fixed charges under the Rules, we have published tables of fixed charges which detail the cost of a connection and the per metre cost of pipe laying and tables of ancillary charges. The fixed charges include all miscellaneous and ancillary costs, traffic management and reasonable administrative expenses and other overheads. Our fixed charges have been derived by assessing actual cost data and our contractual arrangements to establish a cost-reflective charge for each type of connection. We have explained the basis of our fixed charges in our Charging Arrangements.

Ofwat publications

Effective from 2025-26 Ofwat introduced a new Environmental Incentive Common framework and additional protections for customers by introducing a tether ratio. The worked examples are required to be published with Meters, Meter installation and Traffic management unbundled, although we may still charge as a bundled service. For 2026-27 the charging rules were updated to include Lateral Drains within the exemption in rules 47 and 48.

Ofwat's five principles

We have worked to balance these principles alongside other Rule requirements throughout our approach to our Charging Arrangements.

- Fairness and affordability:** The structure of our Charging Arrangements includes a range of fixed charges based on the size of a connection, the length of the main and various other parameters, balancing the need for fairness and ensuring cost-reflective charges with the requirement to set fixed prices. For 2026-27 we can confirm that our charges are compliant with the maximum tether ratios as shown below.

Tether ratios

TW Charges	To Scenario 4	To Scenario 6	Ofwat's Maximum	To Scenario 4	To Scenario 6
Ratio of Scenario 1	1.27	1.46	Ratio of Scenario 1	1.44	1.84
Ratio of Scenario 2	0.23	0.26	Ratio of Scenario 2	0.44	0.56

- Environmental protection:** In 2022-23 we introduced environmental discounts to encourage efficient water use on new developments. We have three tiers for water discounts offering an increasing level of discount as developers incorporate higher levels of efficiency on their developments. For waste we offer a discount where there are no surface water connections or surface water discharges via a SUDS solution which significantly reduces flows to our network. The policies in our Charging Arrangements were updated to comply with the Environmental Incentive Common Framework that was added to the charging rules for 2025-26.

Stability and predictability: We have published fixed charges where required except as allowed in the exemptions for waste connections under section 107 of the Act and lateral drain requisitions under section 98 (1A) of the Act, as we carry out such a small quantity of these jobs and they are so diverse that grouping them together to create a fixed charge would be unreasonable and breach the fairness principle. Traffic management is included within our fixed prices, meaning customers can better anticipate their costs for the current

charging year. However, highway authority traffic management costs are a significant proportion of our cost and future price changes are outside our control, so we will look to unbundle these costs in the future when we have systems changes in place to support this change.

The current economic climate continues to impact developers resulting in lower volumes of activity which drives prices up, as not all cost is variable. We appointed new suppliers to carry out our new connection's activity from April 2023. This contract will run for a 5-year term (with options to extend for up to three years), and we expect that future connection prices will be impacted by inflation, materials and reinstatement costs, volume changes and work mix.

Infrastructure charges have been aligned to the Final Determination for 2025-26 to 2029-30 (AMP8) for Network Reinforcement expenditure which is subject to a price control deliverable meaning if we do not deliver this level of investment, it will be returned to customers. It is assumed that this level of investment will be continued into AMP9 when setting the tariffs on a rolling 5-year basis as required under rule 52. Effective from April 2025 Ofwat introduced an Environmental Component in the charging rules, which is set to cover the cost of the Environmental Incentives. The price has been adjusted to reflect take up in 2025-26 as required under rule 53.

- **Transparency and customer-focused service:** Our Charging Arrangements explain how our charges have been derived and enable our customers to come up with a reasonable estimate of the charges without contacting us. Also, to provide our customers with a service that best suits their needs, we have payment methods which include payment in arrears with security. Our Charging Arrangements also contain details of the transitional arrangements that will apply to customers who either have open and valid quotes or who make an application during the period between the date we publish the Charging Arrangements and the date they come into effect. To drive further improvements in service levels that enable better outcomes for our customers, we appointed new suppliers for our New Connections activity, effective from 1 April 2023.
- **Costs of the relevant service:** In response to this new principle added in 2022-23 we removed the blending on our pipelaying charges between mains and service connections to ensure each service is cost reflective. We also introduced an expiry date for accepted quotes, which will improve cost reflectivity by limiting the time between the customer payment of a fixed price and the date the work is carried out. This change addressed Ofwat's concerns regarding advance payments of infrastructure charges by limiting the validity of the advance payment to only cross one charging year, which is fairer to all customer groups and is more cost reflective. We also include company on-costs overheads attributable to new connections activity in all of our tariff calculations to address concerns that companies were not applying overheads consistently. We review overhead recovery over a 5-year period to reduce volatility in prices. For 2023-24, we competitively tendered new suppliers to carry out our new connection's activity, reflecting the market rates at that time. Our Network Reinforcement policy was updated in line with Ofwat's PR24 methodology appendix 3 publication from December 2022.

Competition Law

From a competition law perspective, we have undertaken a review with our legal team. The Charging Arrangements have been developed bearing in mind competition law considerations. Consistent principles and approaches have been applied to the calculation of charges and when they are payable for different classes of customer. Charges (including any environmental discounts), asset payments and arrangements for when they are each payable, have been set in accordance with the principle that they should promote effective competition for contestable work.

B. We have appropriate systems and processes in place to make sure that the information contained in our Charging Arrangements, and the additional information covered by the annex to the Rules is accurate.

The following steps have been undertaken to assist our Board in assuring itself as required:

- We have taken a robust approach to the governance of decisions associated with our charging approach. Where appropriate we have consulted the Thames Water Executive on key elements of our approach.
- For 2026-27, any adjustments to wording have been subject to legal review to ensure they remain compliant with the charging rules and competition law.
- Our Developer Services Finance Business Partner assured our tariff model calculations.
- Thames Water Internal Audit have reviewed the methodology and governance to provide confidence to the Board that our charges remain in line with the Rules and that reasonable steps have been taken to ensure these are cost-reflective charges.
- Our final Charging Arrangements have been signed off by Executive Directors.

C. Any significant changes to charges for new connections services.

All of our customer groups in our worked examples exceed the 10% threshold for price increases. The primary causes of these increases are lower volumes of Developer Activity and alignment of Infrastructure charges to the Final Determination for Network Reinforcement Expenditure. Further information on changes to prices and processes can be found in our statement of significant change.

Board approval process

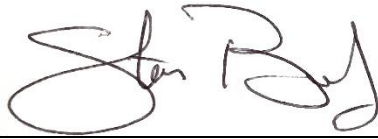
In satisfying the requirements of the Rules and Assurance Statement, I confirm, on behalf of the Board, that the Company has followed rigorous procedures in developing and approving the Charging Arrangements and Assurance Statement. This has included extensive consultation of key internal stakeholders and operating robust governance arrangements including the sign off for significant elements of our Charging Arrangements approach by Executive Programme Sponsors.

For and on behalf of Thames Water Utilities Limited

Dated: 19 January 2026

Dated: 19 January 2026

Signed:

A handwritten signature in black ink, appearing to read 'Steve Buck', written over a horizontal line.

Steve Buck, Chief Financial Officer

Signed:

A handwritten signature in blue ink, appearing to read 'Cathryn Ross', written over a horizontal line.

Cathryn Ross, Strategy &
External Affairs Director

Dated: 19 January 2026

Signed:

A handwritten signature in black ink, appearing to read 'Nick Land', written over a horizontal line.

Nick Land, Senior Independent Non-Executive Director

