



## STATEMENT OF SIGNIFICANT CHANGES

As required under section A4 of the Wholesale Charging Rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991, South West Water is publishing details of any significant changes to our indicative primary wholesale charges for 2024/25, including where bill increases are expected to be greater than 5% from the previous year

Our indicative wholesale charges, published alongside this statement, have been developed using best available information and assumptions, notwithstanding ongoing uncertainty around the economic environment and CPIH. As a consequence, indicative charges are again subject to greater uncertainty than usual.

Our Charges Schemes, to be published separately, will set out charges for all customer tariffs for 2024/25.

### Key assumptions underpinning charge movements

The changes in primary charges for 2024/25 include the following assumptions:

- Estimated November CPIH inflation using Government and independent sources. Final publication of charges will be updated to reflect November actual CPIH inflation.
- Changes in allowed revenue arising from SWW's Final Determination
- Estimated future consumption

Please note: The k factors used are pre the Ofwat 2022/23 ODI revision, which are currently under review. Indicative tariffs reflect adjustments to allowed revenue based on expected ODI pass back and penalties.

### Bill increases of more than 5% from the previous year

Due to the high level of current and forecast CPIH, despite being partially offset by customer growth, consumption expectations and other regulatory mechanisms the indicative charges include expected bill impacts >5% for some customer groups. The main groups of customers impacted are shown below with an indication of how we plan to help manage the impacts to customers through wider and more proactive application of existing support programs:

- Measured household customers – wider access to Watersure and Watercare through auto-enrolment and removing the benefit cap. Watercare also has 5 current discount bands to ensure customers receive the best level of support for their needs so customers can receive great support by moving to a higher discount band
- Unmeasured household Customers – we continue to offer the option to switch to a meter, where installation isn't possible an assessed charge is available which also provides access to the social tariffs if required.
- Domestic customers already on a social tariff – further support is available through the Watercare banding system which can provide a discount of up to 85%.
- Domestic customers that have switched from Unmeasured to Measured are also protected by our lowest bill guarantee and have a 2-year reversion policy to take the worry out of switching to a water meter.



- Non household measured customers can be supported to review their usage to identify opportunities for efficiency and reduction.
- Non household unmeasured customers can opt to have a meter installed and where this isn't possible the NHH assessed charge is available.
- Non household large users – the structure of these charges has been changed for 2024/25. Consultation with Retailers and affected customers will take place before publication of final tariffs in January 2024 to identify how we can support customers through this process and promote water efficiency programs.

Further review of handling strategies and engagement with CCW will be developed between indicative and final tariffs to ensure every possible support is available to our customers.

### **Charging policy**

For 2024/25 we have restructured the SWW NHH large user charges (water and wastewater) to remove the falling block structure and reflect that the region is no longer in water surplus. The full details of this change are published in the Appendix of the Indicative Wholesale Charges Document. SWW will work with affected Retailers and Customers before publication of final charges in January 2024 to identify how we can support customers through this process.

During 2024/25 we plan to run a number of progressive charging trials. Full details of the proposed trials and charges applicable to each trial are published in the Appendix of the Indicative Wholesale Charges Document for each region.

There are no other significant changes anticipated to the charging policy or structures between 2023/24 and 2024/25.