

Pennon

Wholesale price changes

2025/26



About this Document

On 29 January, we announced our acceptance of Ofwat's Final Determination for 2025 through to 2030. Our plans for this period set out our largest ever investment programme; targeting a step change in investment for customers, delivering improvements across all our areas.

We are doing everything we can to keep our bills affordable for everyone whilst supporting important investment of £3.2bn across our regions. We will be delivering on our customers' top priorities – continuing to secure safe, clean drinking water, reducing the use of storm overflows and protecting the environment.

This information sheet has been prepared for retailers and non-household customers. It is intended to assist retailers and their customers to understand and manage the impact of the increase in their bills over the next five years.

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The main components of 2025/26 prices

Our wholesale charges increased from 1 April 2025. This varied from customer-to-customer dependent on the services supplied, region they are in, bill type they receive, and total water consumption.

Our charges seek to recover the revenue allowed to us by our regulator, Ofwat, to allow us to complete the investments set out in our business plans. These revenues are primarily based on:

- the 'k-factors' set out in our Final Determination¹ and;
- November CPIH inflation figures.²

Company	Price control	2025-26 k-factor	Nov 2024 CPIH
SBB (South West, Bristol, Bournemouth)	Water resources	91.87%	3.5%
	Water network	16.81%	
	Wastewater network	13.34%	
	Additional control 1	-20.29%	
	Additional control 2	-5.42%	
SES	Water resources	39.94%	
	Water network	4.95%	

¹ A K-factor is the company's price limit. K-factors are expressed as an increase/decrease over the previous years' revenue allowance

² Our charges are indexed by inflation to ensure we can continue to deliver in light of continued upward cost pressures.

Key areas of expenditure and investment in the region

The increase in our revenue allowance across the 2025-2030 period is primarily driven by new requirements to meet standards and obligations that have recently come into force. It is also required to achieve our stretching targets.

Our business plan for this period will see us complete our largest ever investment of £3.2bn across our regions. This will allow us to:

- **Continue to provide reliable, safe water supplies** - New water treatment works and reservoirs, alongside an effective plan to reduce leakage, will ensure year-round supply, even in dry spells.
- **Support healthier rivers and seas** - By 2030 each storm overflow will spill no more than 10 times per year. We'll be the first water company to meet this Government goal, a decade ahead of target.
- **Take action on climate change** - We are aiming to achieve net zero by 2030, boosting wildlife and protecting rivers at 37 sites.
- **Provide affordable water for all** - Our largest-ever programme of smart metering installations, ensuring the benefits of smart metering are available for 1/3 of our customer base.

How prices are likely to move over the period

We have worked hard to minimise bill impacts, through detailed customer research to confirm customer priorities, challenging efficiency assumptions, through innovative regulatory adjustments to profile bills over the longer term and through targeted measures to support the most vulnerable.

We are unable to predict exactly how bills will change over the next few years. They are affected by inflation, changes in customer numbers, and other factors outside of our control. They are also impacted by our regulatory performance.

We would however expect that charges are likely to increase at a slower rate in the following years of the AMP. Though not a perfect indication, the final determination k-factors reflect this.

Company	Price control	2026-27 k-factor	2027-28 k-factor	2028-29 k-factor	2029-30 k-factor
SBB (South West, Bristol, Bournemouth)	Water resources	2.44%	4.02%	4.10%	3.64%
	Water network	4.17%	4.76%	2.41%	0.35%
	Wastewater network	4.98%	6.56%	1.92%	3.07%
	Additional control 1	5.69%	4.20%	3.62%	0.79%
	Additional control 2	3.92%	6.11%	3.30%	1.16%
SES	Water resources	39.94%	-21.67%	-6.70%	0.16%
	Water network	4.95%	11.02%	-0.09%	-4.52%

Support available from wholesalers to save money by reducing water waste

We want to support our business customers in our regions to save water and save money. We are eager to work with retailers to educate customers on the practical steps to reduce consumption.

Customers in our South West Water region can find more information on how to [save water at work](#). Much of the advice provided would also apply to customers in our Bristol Water and SES Water regions.

Innovations and changes to tariffs

In 2022, Ofwat encouraged water companies to trial new charging structures following growing concerns for customers amid rising living costs and climate change.

In April 2024, we were among the first water companies to begin innovative tariff trials. We launched three across the South West, Bristol, and Bournemouth, aiming to improve affordability, promote fairer billing, and reduce water consumption during peak periods.

Under our initial trials, business customers were eligible for our Seasonal tariff. A select number of businesses across the South West, representing a wide range of different industries, were chosen for a two-year trial. Under this scheme, customers would pay a lower price for their water usage in Autumn/Winter, which is offset by an elevated price in the Spring/Summer. Business customers are therefore incentivised to conserve water during peak periods.

Our initial modelling has shown that most customers have benefited under this trial, and we propose to continue with it in the next charging year.

We are also adapting some of our existing charges, such as our Large User Tariffs, which was previously based on a falling block tariff. We found that these do not provide the incentives required to conserve water and will continue to phase these out throughout the remainder of the price review period.