

Statement of Significant Changes in relation to the Anglian Water Services Indicative Wholesale Charges 2024/25

Our tariff structure for 2024/25 is unchanged from our 2023/24 scheme.

Charges seek to recover, at 2024/25 prices, the revenue allowed to us by the Regulator, Ofwat.

The calculation of allowed revenue for 2024/25 has three elements:

1. the wholesale revenue per control based on the “k” factors per service area set out in the CMA Redetermination published on 17 March 2021;
2. a forecast of CPIH for November 2023; and
3. the results of those mechanisms set out in the PR19 Rulebook that adjust those allowed revenues for performance in prior years.

Published “K” Factors

The K factors set out a percentage increase to the prior year allowed revenues on a consistent price base. For the 2024/25 charging year the CMA published K factors are as set out in the table below:

| Price Control | K Factor |
|--------------------------------|----------|
| Water Resources | 3.07% |
| Water Network Plus | 4.70%* |
| Wastewater Network Plus | 6.84% |
| Bioresources | 3.37%** |

*Adjusted for the change in scope to the Elsham DPC

**Bioresources = deduced K re 22/23 outturn and adjusted usage (fixed vs variable costs)

Some of the increase to next year’s bills is to support investment that allows us to meet the challenges from a rapidly changing climate and a growing population. Water is also increasingly scarce, with a need to leave more water in the environment, and which increases the costs of finding, treating and supplying it to customers. We referred the original Final Determination to the CMA in order to support our long term environmental and social responsibilities. We had hoped that a revised determination would be published in time to be reflected across four years of the AMP from the 2021/22 charging year, however this was not possible. As a consequence, the revised determination has been reflected into the final three years of the AMP, starting with the charging year 2022/23, thereby compressing the uplift in revenues into that time period.

CPIH

Alongside other industries we are experiencing significant upward cost pressures and it is important that we can recover these costs in order to maintain delivery of our service obligations to our customers.

We have based November CPIH on the latest consensus forecast as of 7 September, using a figure of 4.5%.

PR19 Rulebook

Application of the PR19 Rulebook mechanisms results in three types of adjustment: the first for under or over recovery of allowed wholesale revenue in the 2022/23 charging year under the RFI mechanism; the second for under or over performance of the outcome performance commitments set out in the Final Determination at PR19; and the third for the under or over recovery of allowed revenue in the final year of AMP6. For the 2024/25 charging year the resulting adjustments (in 2024/25 prices, £m) per revenue control are set out in the following table:

| Price Control | RFI Adjustment 2022/23 | Outcome Performance 2022/23 | AMP6 Blind Year Adjustment |
|--------------------------------|-------------------------------|------------------------------------|-----------------------------------|
| Water Resources | (0.2) | 0.2 | 0.0 |
| Water Network Plus | 2.2 | (21.9) | 0.0 |
| Wastewater Network Plus | (2.6) | (9.7) | 0.0 |
| Bioresources | 0.1 | 0.0 | 0.0 |

The RFI adjustments reflect under/over recovery in allowed wholesale revenues on a “single till” basis across main charges and revenue from developers (called Grants & Contributions). The 2022/23 under recovery on wholesale water revenue reflects lower household demand; the over-recovery on wastewater revenue reflects higher recovery of Grants & Contributions revenue partially offset by lower household demand than forecast.

The outcome performance penalties reflect the net position of under/over performance for the outcome performance commitments, as set out in tables 3A and 3B of our Annual Performance Report 2022/23 and in line with our submission to Ofwat for its determination.

Bill incidence effects

As a consequence of the calculation of allowed revenue, and our current forecast of customer numbers and demand, we expect all customer classes to experience bill increases that exceed five per cent, based on a constant level of usage.

Wholesale charges settled in the non-household retail market will therefore increase.

We will actively seek to engage and support Retailers to help them manage these bill impacts. We have ongoing account management meetings with all retailers on a one-to-one basis and will provide assistance for them to understand how bill incidence effects for the charging year will impact across different service combinations by tariff.

Typical bill incidence effects are as set out in the tables below:

| Line description | WATER | | | SEWERAGE | | | TOTAL WITH SWD | | |
|---|----------|----------|----------|----------|----------|----------|----------------|----------|----------|
| | 2023/24 | 2024/25 | % Change | 2023/24 | 2024/25 | % Change | 2023/24 | 2024/25 | % Change |
| ANGLIAN - WHOLESALE | | | | | | | | | |
| Measured - streamline green | | | | | | | | | |
| 75 m3 pa | £133 | £145 | 8.9% | £201 | £218 | 8.5% | £335 | £364 | 8.7% |
| 100 m3 pa | £176 | £191 | 8.7% | £245 | £267 | 9.0% | £420 | £458 | 8.9% |
| 350 m3 pa | £599 | £649 | 8.4% | £681 | £752 | 10.4% | £1,280 | £1,401 | 9.5% |
| Measured - streamline orange | | | | | | | | | |
| 500 m3 pa | £853 | £925 | 8.4% | £961 | £1,069 | 11.2% | £1,814 | £1,993 | 9.9% |
| 1,000 m3 pa | £1,633 | £1,774 | 8.6% | £1,810 | £2,014 | 11.2% | £3,444 | £3,788 | 10.0% |
| 2,500 m3 pa | £3,976 | £4,324 | 8.8% | £4,358 | £4,848 | 11.3% | £8,333 | £9,171 | 10.1% |
| Measured - streamline blue | | | | | | | | | |
| 5,000 m3 pa | £7,879 | £8,572 | 8.8% | £8,693 | £9,667 | 11.2% | £16,572 | £18,238 | 10.1% |
| 7,500 m3 pa | £11,578 | £12,597 | 8.8% | £12,811 | £14,252 | 11.2% | £24,389 | £26,849 | 10.1% |
| 10,000 m3 pa | £15,277 | £16,623 | 8.8% | £16,930 | £18,837 | 11.3% | £32,207 | £35,460 | 10.1% |
| Measured - profile | | | | | | | | | |
| 3.00 peak to average ratio | | | | | | | | | |
| 10,000 m3 pa | £17,560 | £18,887 | 7.6% | | | | | | |
| 15,000 m3 pa | £26,063 | £27,980 | 7.4% | | | | | | |
| 20,000 m3 pa | £34,566 | £37,073 | 7.3% | | | | | | |
| Measured - profile plus | | | | | | | | | |
| 1.90 peak to average ratio | | | | | | | | | |
| 25,000 m3 pa | £36,850 | £41,082 | 11.5% | £42,941 | £47,782 | 11.3% | £79,791 | £88,864 | 11.4% |
| 75,000 m3 pa | £108,628 | £120,447 | 10.9% | £122,955 | £137,115 | 11.5% | £231,582 | £257,562 | 11.2% |
| 150,000 m3 pa | £216,295 | £239,495 | 10.7% | £242,975 | £271,115 | 11.6% | £459,270 | £510,609 | 11.2% |
| 250,000 m3 pa | £359,850 | £398,224 | 10.7% | £403,003 | £449,781 | 11.6% | £762,853 | £848,006 | 11.2% |
| Measured - profile interruptible | | | | | | | | | |
| 1.80 peak to average ratio | | | | | | | | | |
| 75,000 m3 pa | £103,930 | £115,556 | 11.2% | | | | | | |
| 150,000 m3 pa | £203,585 | £225,814 | 10.9% | | | | | | |
| 250,000 m3 pa | £336,458 | £372,825 | 10.8% | | | | | | |
| 500,000 m3 pa | £668,639 | £740,354 | 10.7% | | | | | | |
| Unmeasured | | | | | | | | | |
| £100 rv | £308 | £335 | 8.9% | £337 | £372 | 10.5% | £644 | £707 | 9.8% |
| £250 rv | £335 | £365 | 8.9% | £363 | £402 | 10.5% | £698 | £767 | 9.8% |
| £300 rv | £344 | £375 | 9.0% | £372 | £412 | 10.5% | £716 | £787 | 9.8% |

Sewerage services based on 95% return to sewer

| | | | | | | | | | |
|----------------------------------|----------|----------|------|--|--|--|--|--|--|
| HARTLEPOOL - WHOLESALE | | | | | | | | | |
| Measured - streamline | | | | | | | | | |
| 75 m3 pa | £89 | £94 | 5.9% | | | | | | |
| 500 m3 pa | £558 | £583 | 4.6% | | | | | | |
| 25,000 m3 pa | £27,562 | £28,746 | 4.3% | | | | | | |
| Measured - profile plus | | | | | | | | | |
| 1.4 peak to average ratio | | | | | | | | | |
| 100,000 m3 pa | £73,779 | £80,262 | 8.8% | | | | | | |
| 250,000 m3 pa | £179,236 | £193,934 | 8.2% | | | | | | |
| 500,000 m3 pa | £354,997 | £383,388 | 8.0% | | | | | | |
| 1,000,000 m3 pa | £706,519 | £762,295 | 7.9% | | | | | | |

| Line description | TRADE EFFLUENT | | | SEWERAGE | TRADE EFFLUENT | | | SEWERAGE | | | TOTAL WASTEWATER | | |
|-------------------------------------|----------------|-------------|------------|--------------|----------------|----------|-------------|----------|---------|-------------|------------------|----------|-------------|
| | Volume m3 | COD mg/l | SS mg/l | Volume m3 | 2023/24 | 2024/25 | % Change | 2023/24 | 2024/25 | % Change | 2023/24 | 2024/25 | % Change |
| ANGLIAN - WHOLESALE | | | | | | | | | | | | | |
| Measured - streamline green | | | | | | | | | | | | | |
| Customer 1 | 75 | 1,000 | 250 | 350 | £166 | £189 | 14.0% | £713 | £788 | 10.5% | £879 | £977 | 11.1% |
| Customer 2 | 125 | 725 | 200 | 250 | £231 | £262 | 13.2% | £529 | £583 | 10.2% | £760 | £845 | 11.1% |
| Customer 3 | 225 | 500 | 400 | 250 | £391 | £437 | 11.9% | £529 | £583 | 10.2% | £920 | £1,021 | 10.9% |
| Customer 4 | 300 | 600 | 200 | 500 | £501 | £560 | 11.8% | £989 | £1,094 | 10.7% | £1,490 | £1,655 | 11.1% |
| Measured - streamline orange | | | | | | | | | | | | | |
| Customer 1 | 750 | 500 | 250 | 250 | £1,172 | £1,310 | 11.8% | £559 | £621 | 11.2% | £1,731 | £1,931 | 11.6% |
| Customer 2 | 1,800 | 700 | 200 | 500 | £3,043 | £3,386 | 11.3% | £1,006 | £1,119 | 11.2% | £4,049 | £4,505 | 11.3% |
| Customer 3 | 2,500 | 1,000 | 500 | 500 | £5,453 | £6,019 | 10.4% | £1,006 | £1,119 | 11.2% | £6,459 | £7,138 | 10.5% |
| Customer 4 | 3,750 | 500 | 200 | 350 | £5,622 | £6,266 | 11.4% | £738 | £820 | 11.2% | £6,360 | £7,086 | 11.4% |
| Measured - streamline blue | | | | | | | | | | | | | |
| Customer 1 | 7,500 | 350 | 150 | 3,000 | £9,714 | £10,857 | 11.8% | £5,658 | £6,289 | 11.1% | £15,372 | £17,145 | 11.5% |
| Customer 2 | 10,000 | 500 | 100 | 2,000 | £13,890 | £15,505 | 11.6% | £3,924 | £4,358 | 11.1% | £17,815 | £19,863 | 11.5% |
| Customer 3 | 15,000 | 750 | 200 | 2,000 | £25,178 | £27,949 | 11.0% | £3,924 | £4,358 | 11.1% | £29,102 | £32,307 | 11.0% |
| Customer 4 | 25,000 | 900 | 200 | 5,000 | £45,219 | £50,118 | 10.8% | £9,127 | £10,150 | 11.2% | £54,345 | £60,268 | 10.9% |
| Measured - profile plus | | | | | | | | | | | | | |
| Customer 1 | 35,000 | 1,000 | 250 | 5,000 | £62,087 | £69,498 | 11.9% | £11,357 | £12,519 | 10.2% | £73,444 | £82,017 | 11.7% |
| Customer 2 | 50,000 | 1,500 | 350 | 6,000 | £111,443 | £124,185 | 11.4% | £13,041 | £14,399 | 10.4% | £124,484 | £138,584 | 11.3% |
| Customer 3 | 150,000 | 1,250 | 300 | 6,000 | £299,812 | £334,674 | 11.6% | £13,041 | £14,399 | 10.4% | £312,853 | £349,073 | 11.6% |
| Customer 4 | 400,000 | 1,000 | 200 | 10,000 | £694,928 | £778,005 | 12.0% | £19,779 | £21,922 | 10.8% | £714,707 | £799,927 | 11.9% |