



## Anglian Water Services Limited

### Statement of Assurance for Wholesale Charges 2023/24

#### I. Requirements for this Assurance Statement

In its Wholesale Charging Rules Ofwat sets out that it requires a statement from the Board in order to provide assurance with regards to the published Wholesale Charges Schedule:

- of compliance with legal obligations in relation to charging;
- of the impact assessment and handling strategies considered;
- as to the accuracy of the charges; and
- on the process that the Company has followed in engaging with stakeholders.

#### II. How the Requirements have been met

Our Wholesale Charges Schedule (“Charges Schedule”) fixes the charges that our customers are required to pay for the period from 1 April 2023 to 31 March 2024 for any services we provide in the course of carrying out our regulated duties. The Charges Schedule sets out the terms and conditions of those charges. A copy of the Charges Schedule has been provided to Ofwat and is available on our website ([www.anglianwater.co.uk](http://www.anglianwater.co.uk)).

Our charges are developed on the basis of the revenues that Ofwat allows us to recover each year from our customers during AMP7. These are determined by Ofwat through the Price Review 2019 (“PR19”), and the resulting Determination, together with the mechanisms set out in the PR19 Rulebook that adjust those allowed revenues for performance in prior years. Our charges for the charging year 2023-24 reflect the allowed revenues set out in the redetermination published by the Central Markets Authority (“the CMA”) following our referral to that body of Ofwat’s Final Determination.

Ofwat imposed five separate price controls as part of PR19. These price controls relate to five separate areas of our service:

- a) Household water and wastewater retail services;
- b) Wholesale water resources;
- c) Wholesale water network plus;
- d) Wholesale wastewater network plus; and
- e) Wholesale Bioresources.

Our Charges Schedule reflects the wholesale revenue controls and areas of service, together with those non-primary charges which cover these areas.

The Board can confirm that in relation to the Wholesale Charges Schedule, to the best of its knowledge, the following statements are true:

- a) The Charges Schedule and supporting information have been prepared in accordance with the Company's legal obligations relating to customer charging, including under:
  - (i) The Water Industry Act 1991 (as modified), and other relevant statutory legislation;
  - (ii) Licence Condition B (and, in particular, the requirement that charges must comply with price limits);
  - (iii) Licence Condition E (and, in particular, the requirement no undue preference is shown to, and that there is no undue discrimination against, any class of customers or potential customers);
  - (iv) Those provisions of Licence Conditions F, H and R that are relevant to the Company's obligations in respect of customer charging; and
  - (v) Charging rules published by Ofwat, where applicable.
- b) The Company has taken reasonable steps to assess the fitness for purpose of the models that are used to generate the Wholesale Charges.
- c) No charges have been set with the objective of distorting competition to supply customers in contestable markets.
- d) Wholesale Charges are broadly in line with the Indicative Wholesale Charges published previously for the 2023/24 Charging Year.
- e) The effect of the new charges on bills are reasonable, based on a review of the incidence effects for customers by service and by tariff group, as assessed at typical consumption points. Where bill increases are above the 5% benchmark set by Ofwat in its Charging Rules, the Company has reviewed details of those customer types affected, the level of the increase across a range of typical consumption points and the number of customers likely to be adversely impacted. The Company has developed proportionate impact assessments and handling strategies for these customers as a result of this review.
- f) To ensure its accuracy, the information on which the Wholesale Charges are based, including information relating to the regulatory accounts, and information drawn from the billing system reports to assist in the generation of reasonable forecasts of demand and customer numbers, is produced in accordance with the Company's quality assurance processes which are subject to internal and external audit under the oversight of the Audit Committee of the Board.
- g) Ofwat has been informed of any new special agreements entered into since 14 July 2014.

- h) The Consumer Council for Water (“CCW”) has been consulted in relation to the preparation of the Wholesale Charges Schedule, specifically in conference calls held on 27 September and 28 November 2022 to discuss the proposed charges and the impact on bills, including our communication strategy for those retailers serving customers where bill incidence effects may exceed 5%. CCW has confirmed that they do not have concerns with our approach to the Wholesale Charges.

In approving the 2023/24 Charges Schedule, the Board has considered the following information:

- a) The charging guidance to Ofwat published by the UK Government which requires (inter alia) that:
  - (i) any moves towards greater cost reflectivity of charges should be introduced in a measured fashion and should be to the overall benefit of all customers; and
  - (ii) the extent and impact of de-averaging on charges for particular groups such as rural customers should be limited by Ofwat.
- b) As set out in the Board paper dated 24 November 2022, details of the charging strategy, cost allocation and tariff setting process, which was developed reflecting the basis of charging and to provide for appropriate revenue recovery across tariff groups; plus compliance with Ofwat’s charging rules.
- c) The report prepared by the Financial Auditor following the completion of certain assurance work the scope of which was to (i) confirm the allowed revenue for 2023/24 and (ii) confirm that the charges proposed recover this revenue.
- d) An assessment of the customer bill impacts for an extensive range of customer groups, including impact assessments and handling strategies.
- f) The outcome from discussions with CC Water in regard to charges strategy, bill incidence effects arising from the application of the strategy and resulting handling strategies, compliance with the revenue controls and Ofwat’s Charging Rules for 2023/24.

#### **IV. Board Approval**

The Board acknowledges its responsibilities in relation to the development of the Wholesale Charges Schedule.

The Board confirms that it approved the Wholesale Charges and this statement of assurance at the meeting held on 24 November 2022 subject to adjustment for any variation in the published CPIH and pending final discussions with CCW.

In that meeting, the Board agreed to sign this assurance statement for submission to Ofwat.

**Signed by members of the Board of Directors for Anglian Water Services Ltd.**

<b>Name:</b>	<b>Signed:</b>	<b>Position:</b>
John Barry	<i>John Barry</i>	Non-Executive Director
Steve Buck	<i>Steve Buck</i>	Chief Financial Officer
Batiste Ogier	<i>Batiste Ogier</i>	Non-Executive Director
Natalie Ceeney, CBE	<i>Natalie Ceeney</i>	Independent Non-Executive Director
Dame Polly Courtice, DBE, LVO	<i>Polly Courtice</i>	Independent Non-Executive Director
John Hirst, CBE	<i>John Hirst</i>	Chairman
Alex Nassuphis	<i>Alex Nassuphis</i>	Non-Executive Director
Zarin Patel	<i>Zarin Patel</i>	Independent Non-Executive Director
Colin Matthews	<i>Colin Matthews</i>	Independent Non-Executive Director
Alistair Phillips-Davies	<i>Alistair Phillips-Davies</i>	Independent Non-Executive Director
Peter Simpson	<i>Peter Simpson</i>	Chief Executive Officer