1. INTRODUCTION

This document sets out details of significant changes to our primary wholesale charges for 2019/20 as required in “Wholesale charging rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991” section A4. This updates the information previously published in our July 2018 Charges Bulletin.

2. UNDERLYING FACTORS

The following underlying factors impact primary charges for 2019/20:

- November 2018 RPI – Current forecasts estimate this to be around 3.2%;
- Changes in allowed revenue – Our final determination for the period to March 2020 allows for wholesale revenue for the water service and the wastewater service to increase by 0.8% and 0.3% respectively in 2019/20;
- Adjustments relating to the wholesale revenue forecasting incentive mechanism – movements between the adjustments made for 2018/19 charges, compared to the adjustments proposed for 2019/20;
- Updated information on the costs associated with providing services, changes in anticipated customer numbers, and associated consumption.

3. CHANGES TO SPECIFIC CHARGES

Charges for unmeasured places of worship

These customers, which are not metered, currently pay an annual wholesale charge (for water and wastewater services) of £177.12 (2018/19 wholesale charge). It is expected that this charge will increase by more than 5%, but by no more than 15%. These customers currently pay significantly less than other customers for wastewater services. The increase in 2019/20 is part of a phased approach to bring them in line with the concessionary scheme applicable to places of worship for a surface water drainage customer which consumes a similar amount of water. To mitigate the customer impact, based on the current approach, this phasing is expected to take a further 4 years. This is consistent with the approach taken in 2018/19. This phasing commenced in 2015/16, where we proposed to phase in the increase over a number of years.

4. BILL INCREASES OF MORE THAN 5% FROM THE PREVIOUS YEAR

The majority of customers - 99.9% - are expected to experience bill increases of no more than 5% compared to the previous year (assuming constant characteristics such as consumption).

Bill increases above 5% are expected to be experienced by unmeasured places of worship as described in section 3.

The Assurance statement for the indicative wholesale charges demonstrates the expected bill increases on representative occupiers of eligible premises.

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