



Wessex Water Services Limited
Statement of Significant Changes to Primary Wholesale Charges
2025-26

Statement of significant changes for primary wholesale charges 2025-26

In accordance with the Wholesale Charging Rules issued by the Water Services Regulation Authority (Ofwat) under sections 66E and 117I of the Water Industry Act 1991, this notice is to update stakeholders on the proposed significant changes to our primary wholesale charges for 2025-26.

Wholesale charges, as defined by Ofwat in the Wholesale Charging Rules, relate to the charges water and sewerage undertakers can impose on retailers for wholesale water and wastewater services.

Calculation of allowed revenues

Charges seek to recover the revenue allowed to us by the Regulator, Ofwat. The calculation of allowed revenue for 2025-26 is based on the PR24 Draft Determination and uses the following two elements:

1. the wholesale revenue per control based on the “k” factors per service area set out in the PR24 Draft Determination; and
2. a forecast of CPIH for November 2024.

Price control	Nov CPIH	K Factor
Water resources	3.4%	-36.72%
Water network plus		-0.76%
Wastewater network plus		8.74%
Bioresources		19.5% ¹

This will result in bill incidence effects of over 5% on both our primary wholesale and our household charges, the latter for which we expect to also publish a statement of significant changes in due course (in line with the charging rules).

At this time, there is greater uncertainty than usual for the change in primary wholesale charges, which we expect to publish on 13 January 2025. This is because Ofwat’s Final Determination, which will confirm revenue allowances for 2025-26, is currently scheduled for publication on 19 December. We also note that the timing of this could change, as Ofwat has recently consulted on a licence change that would allow it to publish its Final Determination by 31 January 2025, meaning charges publication could be delayed beyond the usual publication timeline.

We do not intend to change the structure of our charges or the methodology for calculating primary wholesale charges at this time.

Bill incidence effects

Taking account of our allowed revenues, the proposed mitigations above, and latest forecasts for consumption, we expect to see bill increases ranging from 2.1% to 14.0%. The full range of likely changes are presented in the tables below.

¹ There is no k factor for bioresources in the same way for the other wholesale controls, however we have expressed here the change in allowed 24-25 to 25-26 revenues.

Non-household annual consumption / RV	Water		Sewerage		Combined	
	£	%	£	%	£	%
Measured						
100m ³	265	2.1%	280	12.2%	545	7.1%
1,000m ³	2,602	2.1%	2,332	14.0%	4,934	7.4%
50,000m ³	115,867	2.1%	117,280	14.0%	233,147	7.8%
Unmeasured						
£300 RV	737	2.3%	676	13.5%	1,413	7.4%

Proposed handling strategy and mitigations

As set out above, the anticipated bill increases next year are driven by two factors: the provisional k-factors set out in the Draft Determination; and forecast inflation.

The allowed k-factors at Final Determination should support investment that allow us to meet the challenges of a rapidly changing world while providing excellent service, while the allowed increase in revenues from inflation should enable us to continue to deliver resilient services in light of the upward cost pressures we are facing.

We will actively engage with stakeholders about the potential upcoming changes. We have written to all retailers and NAVs informing them of likely increases in our 2025-26 charges. We will continue engagement with all stakeholders over the coming months to assist in communicating and handling the bill changes, offering retailers one-to-one sessions through our account management team. We will also engage further with CCW and our Customer Challenge Group (CCG).

Additionally, we will keep stakeholders updated about the timing of confirmed bill increases. We recognise that a delay to Ofwat's Final Determination would reduce the time available for business retailers to finalise, assure, sign-off and publish retail charges, and reflect these in their own customer bills. While this is outside of our control, we will ensure that stakeholders are kept informed in a timely manner about any such changes in the normal wholesale charges publication timetable. We will also ensure our wholesale charges are finalised and published as soon as practically possible after the publication of the Final Determination.