



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

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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 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.

This notice was first published in October 2024 based on indicative charges information. In light of changes to our final charges compared to our indicative charges, primarily due to the publication of Ofwat's PR24 Final Determination, we have republished this notice with updated information reflecting our final charges.

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 Final 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 Final Determination. Ofwat's Final Determination sets a higher allowed revenue for 2025-26 than for 2024-25, reflecting the step up in services we need to provide particularly for wastewater; and
2. the November CPIH inflation figure of 3.5%.¹

Price control	Nov CPIH	K Factor
Water resources	3.5%	3.66%
Water network plus		13.36%
Wastewater network plus		22.36%
Bioresources		48.4% ²

The overall increase in allowed wholesale revenues for 2025-26, due to these elements, is **21.3%**.

This will result in bill incidence effects of over 5% on both our primary wholesale and our household charges.

Consumption assumptions

Charges are also affected by consumption forecasts. We are forecasting slightly higher household consumption than our 2024-25 forecast used to set this year's charges, as well as a slight increase in the number of customers. However, this is offset by a fall in forecast consumption volumes for non-household customers. Overall, these changes have a negligible impact on charges.

Additionally, as in previous years, we have accounted for the impact of meter switchers on the relative balance of consumption between measured and unmeasured customers. As low-usage unmetered customers switch to a meter, the average consumption of unmetered customers has increased. This means that, to ensure we continue to reflect differences in the relative costs of

¹ [Consumer price inflation, UK - Office for National Statistics](#), Office for National Statistics, 18 December 2024.

² There is no k factor for bioresources in the same way for the other wholesale controls, however we have expressed here the real terms change in allowed 24-25 to 25-26 revenues.

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serving these customer groups, the percentage increase in unmeasured charges is slightly higher than for measured customers.

Finally, the percentage change in bills also depends on the volume of water and sewerage consumed. This is because we have chosen to limit the percentage increase in standing charges below the increase in volumetric rates. This means that, all other things equal, the change in the overall bills will be lower where the proportion of the bill that is accounted for by these fixed elements is larger.

Other changes

We have not changed the structure of our charges or the methodology for calculating primary wholesale charges at this time. We have made some minor clarifications to our policy for charging water for firefighting purposes; our return-to-sewer allowance policy; and our charges for vacant premises.

Bill incidence effects

Taking account of our allowed revenues, and forecasts for consumption, we expect to see bill increases ranging from 16.0% to 27.3%. The full range of changes are presented in the tables below.

Non-household annual consumption / RV	Water		Sewerage		Combined	
	£	%	£	%	£	%
Measured						
100m ³	301	16.0%	307	23.1%	608	19.5%
1,000m ³	2,962	16.3%	2,604	27.3%	5,566	21.2%
50,000m ³	131,886	16.3%	130,888	27.2%	262,774	21.5%
Unmeasured						
£300 RV	856	18.9%	753	26.5%	1,610	22.4%

As shown above, the combined bill increases are similar to the underlying increase in wholesale allowed revenues (21.3%), though they vary slightly for the reasons set out above i.e. due to the impacts of accounting for meter switchers, and with the volume of water and sewerage consumed.

Assessment of impacts

The bill incidences presented above are higher than those set out in October 2024 based on our indicative charges. This is driven by Ofwat's Final Determination setting a significantly higher revenue allowance than its Draft Determination, reflecting Ofwat's final view on the level of revenue that is required to efficiently deliver our AMP8 business plan and meet all regulatory obligations and targets over the next five years.

In light of this, we have reconsidered whether there is scope to amend or offset these changes in some way, for instance by deferring the recovery of some revenue until later in AMP8.

The increase in allowed revenues supports an increase in investment that will allow us to meet the challenges of a rapidly changing world and deliver the step change in services particularly in respect of wastewater that is required to meet new obligations and targets set by regulators, while continuing to provide excellent and resilient service elsewhere.

In developing our PR24 business plan, we carefully considered the profiling of revenues over AMP8 and how to balance the need for this immediate investment while limiting the impact on customers.

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We proposed a smooth increase in revenues over the first three years of AMP8, followed by a smaller increase in the final two years. To achieve this, we leveraged a range of mitigations which included: slowing down the cost recovery of investment; and reprofiling revenue beyond 2025-26, in order to limit the immediate bill impacts. We also set out how these measures should be adjusted, if Ofwat set a materially lower revenue allowance than that proposed in our business plan, in order to maintain an appropriate balance between affordability and the need for investment³.

Ofwat has taken account of this in setting allowed revenues in its PR24 Final Determination.

Having assessed Ofwat's overall settlement in the round, we do not therefore consider that we are in a position to defer any revenue allowed by Ofwat in 2025-26 as part of its Final Determination⁴. We consider this is necessary to support the overall financeability and deliverability of our plan.

On this basis, we are therefore satisfied that our proposed charges for 2025-26 strikes the best balance between investment, service quality and affordability (particularly those customers most likely to face affordability issues). We have also reviewed the k-factors set out in Ofwat's Final Determination for future years in AMP8. Consistent with our business plan, we consider that the application of these k-factors will lead to a relatively smooth bill profile over the rest of AMP8.

Handling strategy

As set out above, the bill increases next year are driven primarily by two factors: the k-factors set out in Ofwat's Final Determination; and forecast inflation. The allowed k-factors at Final Determination 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. As set out above, having considered Ofwat's overall settlement in the round, we consider that these increases are necessary, in light of financeability constraints, to deliver the increase in investment that is required in AMP8.

We have actively engaged with stakeholders about the potential upcoming changes. In September 2024, we wrote to all retailers and NAVs informing them of likely increases in our 2025-26 charges, and offering retailers one-to-one sessions through our account management team.

We also wrote to all retailers in October 2024 alongside the publication of our indicative charges, highlighting the potential for further changes resulting from Ofwat's PR24 Final Determination.

We have engaged further with retailers over autumn 2024 through the Retailer Wholesaler Group (RWG). We have also shared provisional bill impacts with the CCW and our Customer Challenge Group (CCG). These groups did not raise any significant concerns with our proposed charges, and supported our handling and communication strategies.

We will continue to work closely with retailers following the publication of our full wholesale charges scheme alongside this notice, in advance of the new charging year in April 2025, to ensure that they are aware of and understand the changes in charges.

³ This is detailed in our PR24 Draft Determination representation [WSX-R06 – Affordability](#).

⁴ Ofwat's assessment of cashflow adequacy is also based on the profile of revenues set out in the Final Determination.