



Wessex Water Services Limited
Further information on 2025-26 Wholesale Charges

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Version history

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1.0	Original document	March 2025

Introduction

This information sheet has been prepared for retailers and non-household customers at the request of the Retailer Wholesaler Tariff Simplification sub-group ('the RWG Tariff Group'), following the publication of our 2025-26 wholesale charges and Wholesale Charges Scheme on 13 January 2025. It summarises the following:

- Headline changes to wholesale charges from 1 April 2025
- The key drivers of the change in these charges, including key areas of expenditure / investment.
- Future changes in charges over the rest of AMP8.
- Further information and support available.

This information is intended to assist retailers in communicating the forthcoming increases in charges to their customers; and to help customers plan for and manage the impact of the increase in their bills, both this year and over the rest of AMP8.

We will update this document as and when new relevant information becomes available.

How are wholesale charges changing in 2025-26?

Wholesale charges are increasing from 1 April 2025. The impact of these increases will vary from customer to customer, depending on the services we supply (water, sewerage, trade effluent); the specific tariff the customer is on (metered, unmetered, assessed or interruptible); and their total usage of water (or in the case of an unmeasured customer, their rateable value). In particular:

- Sewerage charges are increasing more than water charges. This is because (as explained in more detail below) our revenue allowance for sewerage has increased by more than for water, reflecting that there is a greater step change in investment requirements in this area. This means that sewerage-only customers will, all other things equal, see a higher percentage increase in bills than water-only customers.
- Furthermore, the increase in unmetered charges is also higher than metered charges. This is because we have seen low-usage unmetered customers switch to a meter, which means the average consumption of unmetered customers has gone up. This adjustment therefore helps ensure a fair charge for those still paying based on rateable value.

The table below presents a range of typical wholesale water and sewerage bills for 2025-26 (and the percentage increase compared to 2024-25) based on the consumption levels set out there. As the table shows, for a representative sample of customers covering low to medium usage, we expect that bill increases will be in the range of 16% (i.e. a low water-only user) to 27% (a higher sewerage-only user). However, a customer's actual change in charges could lie outside of this range, as it will depend on the specific volume of water that is consumed.

Our full charges to apply from 1 April 2025 are set out in Section 1 of our [Wholesale charges scheme 2025-26](#) and in Excel format [here](#). These should be used to estimate specific bill changes for a given customer / consumption level.

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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%
Unmetered						
£300 RV	856	18.9%	753	26.5%	1,610	22.4%

Why are charges set to increase?

Charges seek to recover the revenue allowed to us by the regulator, Ofwat. The calculation of allowed revenue for 2025-26 is based on Ofwat's 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 Final Determination. As shown in the table below, Ofwat's Final Determination sets a positive k-factor (meaning a higher allowed revenue) across all price controls in 2025-26, but particularly so for wastewater and bioresources¹.
2. the November CPIH inflation figure of 3.5%. Charges are indexed each year by CPIH, to ensure companies can continue to deliver resilient services in light of the upward cost pressures we are facing.

Price control	Nov CPIH	2025-26 k-factor
Water resources	3.5%	3.66%
Water network plus		13.36%
Wastewater network plus		22.36%
Bioresources		48.4% ²

¹ These k-factors also incorporate the impact of regulatory mechanisms that adjust allowed revenues for performance in prior years (and accounting for any previous under / over-recovery).

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.

Key expenditure areas

The increase in our revenue allowance in 2025-26 (underpinning the positive k-factor values shown above) is primarily driven by new investment requirements. Much of this new investment is required to meet new standards and obligations that are coming into force, as well as more stretching targets that regulators are setting for the water industry from 2025 onwards.

Over the next five years, some of the biggest investment areas in our water network are:

- Taking forward critical planning and design work for new potential **water supply options** to ensure we have enough water for years to come. This includes two new reservoirs in Cheddar and the Mendips, and an innovative scheme to transfer water via a new pipeline from Poole to other parts of our region.
- Rolling out **smart meters** to more than 15,000 non-household properties, beginning with around 3,000 meters this coming year. Smart meters will help us to detect leaks more quickly as well as giving customers more information about their own water use. This will help us to reduce leakage rates and meet environmental targets to reduce overall water demand in our region by 20% by 2038.
- Spending more than £60 million to maintain our industry-leading record on **drinking water quality**, including replacing a further 8,000 lead pipes across our network.

These new investments are reflected in Ofwat's PR24 Final Determination k-factors of 3.66% and 13.36% respectively for water resources and water treatment.

Over the next five years, some of the biggest sewerage investment areas are:

- Spending around £1 billion on **reducing nutrients** in treated wastewater discharges. Excess nutrients can result in high algal growth, which can deprive the waterways of oxygen, destroy habitats and kill wildlife. To address this, we will be removing 1,550 tonnes of nutrients from rivers by 2030, helping us to achieve our long-term target of restoring the health of our river and coastal waters. We are also rolling out more than 400 devices which will continuously monitor river water quality to ensure we can detect and address problems quickly.
- Committing £500m to tackle the worst **storm overflow issues** in our region, more than double what we are currently spending. This will reduce the number of spills at 143 overflow sites. In doing so, we will be maximising the use of nature-based solutions such as wetlands, which can treat overflows in a more cost-effective and more environmentally friendly way.
- Investing more than £100 million to increase the **capacity of our water recycling centres**, to ensure we can accommodate new development in our region.

These new investments are reflected in Ofwat's k-factor of 22.36% for wastewater.

These investment requirements are on top of £820 million in capital investment over the next five years, to maintain our existing assets and ensure our network remains fit for purpose into the future.

In total, Ofwat has approved £2.9 billion of new investment over the next five years.

Overall impact

The overall increase in allowed wholesale revenues for 2025-26, due to the new expenditure requirements outlined above, is 21.3%. This is the key driver of the increase in this year's wholesale charges. As such, the average increase in wholesale charges (for a dual-service customer) is very similar to the change in allowed wholesale revenues.

How will wholesale charges change during the rest of AMP8?

We cannot say exactly how bills will change in future years, as they will be affected by things such as inflation; changes in customer numbers / consumption patterns; and our regulatory performance.

However, at this stage, we would expect to see smaller bill increases in future years. This is because the step change in investment requirements - which is the main reason for this year's increases - is happening this year, so we can start to deliver improvements as soon as possible. This is reflected in Ofwat's Final Determination k-factors for the remaining years of AMP8, as set out in the table below, which are generally smaller than for 2025-26 (particularly for water).

	2026-27	2027-28	2028-29	2029-30	Notes
Water	-5%	2%	1%	-2%	This is the sum of the water resources and water network plus price controls
Wastewater	12%	1%	4%	7%	This is the k-factor for the wastewater network plus price control – as explained above, there is no k-factor for the bioresources price control.

It is important to note that these k-factors determine the change in allowed revenues, *before* inflation and the application of other in-period adjustments (e.g. regulatory rewards / penalties for performance, adjustments for prior year over or under-recovery). They may also be affected by the outcome of any redetermination of Ofwat's PR24 final determination by the CMA³. This means that, while they provide an indication of future movements in charges, actual changes in wholesale charges will deviate from these values.

For future years, we will also be considering whether our wholesale tariff structure should be amended in any way to support our strategic objectives, for instance in incentivising greater water efficiency. This includes consideration of the RWG's recent [Good Practice Guide](#) in respect of simplifying and harmonising metered consumption bands, which we are currently reviewing. Any such changes would be communicated to retailers and other stakeholders in good time, as they could also affect the changes to charges that customers face over the rest of AMP8.

³ This will not affect 2025-26 wholesale charges. Any changes would apply from 2026-27 at the earliest.

What support is available to manage bills?

The best way to manage the impact of increased water charges is by making sure that water isn't being wasted, thereby reducing overall usage.

Water efficiency advice, information and services are becoming increasingly available to businesses. Our plans for 2025-30 include supporting non-household water users to reduce their usage. We anticipate facilitating around 160 water efficiency visits a year (the exact number may depend on the savings per visit achieved). The bulk of these will be delivered through a targeted programme of visits to fit water saving devices and the identification and fix, wherever possible, of plumbing leaks on site.

We will also be launching a NHH water efficiency innovation fund. This will support further collaboration with a range of retailers, businesses, community organisations and other third parties. We will welcome applications to work with us on NHH water efficiency initiatives that do not meet the criteria for the targeted water wastage reduction programme but may provide opportunity for innovation within the sector. We expect to publish more information including details of how to apply to the innovation fund during 2025-26.

Furthermore, as noted above, we will be rolling out smart meters to more than 15,000 non-household properties over the next five years. We are prioritising our smart meter rollout in the most water-stressed areas of our region, primarily in the Hampshire Avon, thereby ensuring the maximum benefit. We expect that smart meters will begin to be installed from mid-2025 onwards.

Where can I find out more?

Our full wholesale charges scheme is available on our [website](#). Further information on the key drivers underpinning the changes in charges for 2025-26 is available [here](#).

Our full suite of wholesale charges documents for 2025-26, and for previous charging years, can be found on our [Retailer page](#). If you have a question, please email us at: wholesalefinance@wessexwater.co.uk.

You can also find out more about our [PR24 business plan](#) and the work we will be doing over the next five years to maintain and improve our services for all our customers.