



STATEMENT OF SIGNIFICANT CHANGES

As required under section A4 of the Wholesale Charging Rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991, South West Water is publishing details of any significant changes to our indicative primary wholesale charges for 2023/24, including where bill increases are expected to be greater than 5% from the previous year

Our indicative wholesale charges, published alongside this statement, have been developed using best available information and assumptions, notwithstanding ongoing uncertainty around the economic environment and CPIH. As a consequence, indicative charges are again subject to greater uncertainty than usual.

Our Charges Schemes, to be published separately, will set out charges for all customer tariffs for 2023/24.

Key assumptions underpinning charge movements

The changes in primary charges for 2022/23 include the following assumptions:

- Estimated November CPIH inflation using Government and independent sources. Final publication of charges will be updated to reflect November actual CPIH inflation.
- Changes in allowed revenue arising from SWW's Final Determination
- Estimated future consumption

Please note: The k factors used are pre the Ofwat 2021/22 ODI revision, which are currently under review. Indicative tariffs reflect adjustments to allowed revenue based on expected ODI pass back and penalties.

Bill increases of more than 5% from the previous year

Due to the high level of current and forecast CPIH, despite being partially offset by customer growth, consumption expectations and other regulatory mechanisms the indicative charges include expected bill impacts >5% for some large customer groups. The main groups of customers impacted are shown below with an indication of how we plan to help manage the impacts to customers through wider and more proactive application of existing support programs:

- Measured household customers – wider access to Watersure and Watercare through auto-enrolment and removing the benefit cap. Watercare also has 5 current discount bands to ensure customers receive the best level of support for their needs so customers can receive great support by moving to a higher discount band
- Unmeasured household Customers – we continue to offer the option to switch to a meter, where installation isn't possible an assessed charge is available which also provides access to the social tariffs if required.
- Domestic customers already on a social tariff – further support is available through the Watercare banding system which can provide a discount of up to 85%.
- Domestic customers that have switched from Unmeasured to Measured are also protected by our lowest bill guarantee and have a 2-year reversion policy to take the worry out of switching to a water meter.



South West Water

- Non household measured customers can be supported to review their usage to identify opportunities for efficiency and reduction.
- Non household unmeasured customers can opt to have a meter installed and where this isn't possible for 2023/24, we have introduced a new NHH assessed charge.

Further review of handling strategies and engagement with CCW will be developed between indicative and final tariffs to ensure every possible support is available to our customers.

Charging policy

For 2023/24 we have introduced a new NHH Assessed charge, to assist commercial customers unable to install a meter. There are no other significant changes anticipated to South West Water's charging policy or structures between 2022/23 and 2023/24.