

Statement of Significant Changes Indicative wholesale charges 2021/22



South West
Water



Bournemouth
Water

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 2021/22, 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 impact of Covid-19 on the macro economic environment. As a consequence, indicative charges are subject to greater uncertainty than usual.

Our Charges Schemes, to be published separately, will set out charges for all customer tariffs for 2021/22.

Key assumptions underpinning charge movements

The changes in primary charges for 2021/22 include the following assumptions:

- November CPIH inflation - this is currently assumed to be c.0.3% however SWW notes the current volatility in inflation rates. Final publication of charges will be updated to reflect November actual CPIH inflation.
- Changes in allowed revenue arising from SWW's Final Determination
 - Water resources -2.54%
 - Water network plus 0.58%
 - Wastewater network plus -0.83%
- Movements in relevant revenue true up mechanisms including ODI rewards and penalties
- Changes in expected volume of new connections, related customer numbers and forecast consumption. Given the current economic uncertainty, consumption patterns are much less predictable than is typically the case.

Charging policy

There are no significant changes anticipated to South West Water's charging policy or structures between 2020/21 and 2021/22.

Bill increases of more than 5% from the previous year

Household indicative wholesale charges

Whilst the vast majority of customers (92%) are expected to see wholesale tariff increases of no more than 5% compared to last year, some customers are forecast an increase of more than 5%.

These customers are expected to be within the unmeasured population, and are predominantly single service customers, which the company will support by promoting the benefits of metering.

The company will also continue to assist those who may struggle to pay their bills through our industry-leading affordability toolkit, including; income maximisation, tariff checks and water efficiency audits – revisiting individual customer circumstances where necessary.

Specific handling strategies will be defined once wholesale tariffs are finalised, and we will consult with stakeholders, including CCW and the WaterShare+ Advisory Panel, on our approach as appropriate.

Non-household indicative wholesale charges

A small number (less than 4%) of non-household customers are forecast bill increases of greater than 5%. These customers are within the unmeasured population.

South West Water will engage with retailers in the non-household market on the appropriate handling strategies for their customers, including promoting the benefits of metering. Where a meter cannot be installed the company will, if requested, engage with the retailer to explore possible solutions.