



Statement of Significant Change

Indicative Summary Report: 2026-2027



Contents

Overview	3
Changes to Tariff	4
Customer support measures	7

Overview

This summary highlights the main changes we propose to make to our indicative primary wholesale charges for 2026/27, the expected impact on customer bills, and the support available for customers facing financial difficulty.

Primary wholesale charges are the charges we apply for providing wholesale water supplies to retailers operating in the competitive market. These charges also form a significant part of the tariffs paid by household customers. Wholesale activities include water abstraction, raw water transport, treatment, and distribution, and typically account for around 90% of end customers' water bills.

Customers will see an increase in bills this year as we invest in essential infrastructure and service improvements. This trend is expected to continue over the next five years as we deliver further upgrades and strengthen long-term resilience across our network.

During the planning period 2025-2030 we are implementing one of the most ambitious investment programmes in our history. We have committed £2.3 billion to secure a sustainable, reliable water supply while tackling the dual challenges of climate change and rapid population growth. We will be investing in large water resource projects to secure future supplies, upgrading treatment works, delivering environment improvements to reduce water abstraction from chalk aquifers, reducing leakage and rolling out smart metering.

After listening to customer feedback, we are channelling funding into changing how we deliver our Customer Service delivery by launching our Customer Transformation Programme. This builds our capability in Customer Service Technology that will give customers a seamless and enhanced journey covering all aspects of customer contact and service needs. The aim is to empower customer choice by providing real-time information, which combined with Smart metering, will enable informed decisions regarding water consumption. Phase one of the programme is due to launch in March 2026 and will deliver re-platforming and refresh of our public website, the launch of a new mobile self-service application and new customer service capabilities. The full breadth of the programme will be delivered via phase two which will commence once Phase one implements.

Alongside our commitment to environmental protection measures and providing customer-focused innovations, there will be increases to water bills to reflect the scale of work needed to safeguard the region's water resources for future generations. As a result, customer bills in the charging year 2026/27 will on average, be going up.

During the period 2025-2030 our investment is concentrated in the Central region. On this basis, this year we propose to freeze the volumetric rate for the East and Southeast regions and allow the Central region to increase. This will narrow the spread in rates between regions and sharpens the volumetric incentives in the Central region that has the highest per capita consumption of water out of our three

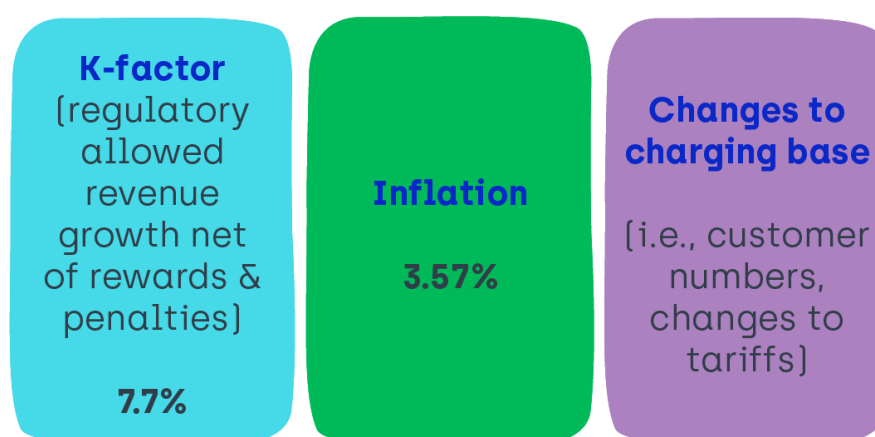
Click to read the full version of the [Statement of Significant Change](#). The publication is a regulatory requirement when proposed customer bill increases exceed 5%.

supply regions. In addition, we propose to freeze the fixed charges and recover revenue through the volumetric rate. This will in turn strengthen the economic signal provided by the variable charge part of the bill.

Ofwat regulate primary wholesale charges through enforceable limits to the total amount of wholesale revenue that we may recover in any year. We calculate our charges so that the revenue we expect to recover from those charges does not exceed the amounts allowed by the revenue limit and follow the charging rules published by Ofwat.

Our primary wholesale charges vary across our three supply regions: Central, East and Southeast. In our Central Region there are currently two sub-regions for unmetered rateable value charges, 'Lee Valley' and 'Elsewhere'.

In 2026/27 we project that we will need to increase our primary wholesale charges by 11.9% on the typical average bill. Within this average there may be different rates of increase regionally and by customer group. This means that most customers across assessed, measured and rateable value charges will see bill increases greater than 5%. The main drivers of customer bill changes in charges are:



Changes to Tariff

We continue to simplify our tariffs and promote lower water use by providing practical tips to reduce water usage and increase water efficiency, offer free water-saving devices, and advice on the free support available to customers for fixing leaks. We will be using the volumetric rate to reward water efficiency, while keeping fixed charges frozen. As more customers move to meters, we're reducing the number of older rateable value tariffs.

We lead the way in simplifying our business tariffs, and we're proposing a fairer structure where those who use the most water pay a higher rate per unit.

Click to read the full version of the [Statement of Significant Change](#). The publication is a regulatory requirement when proposed customer bill increases exceed 5%.

The changes to our proposed traffic for 2026/27 are detailed below:

- Customers with a water meter pay a fixed charge to cover the cost of maintaining the meter, plus a variable charge based on how much water they use. The projected average customer bill in each of the three supply regions is reflected in Figure-1.

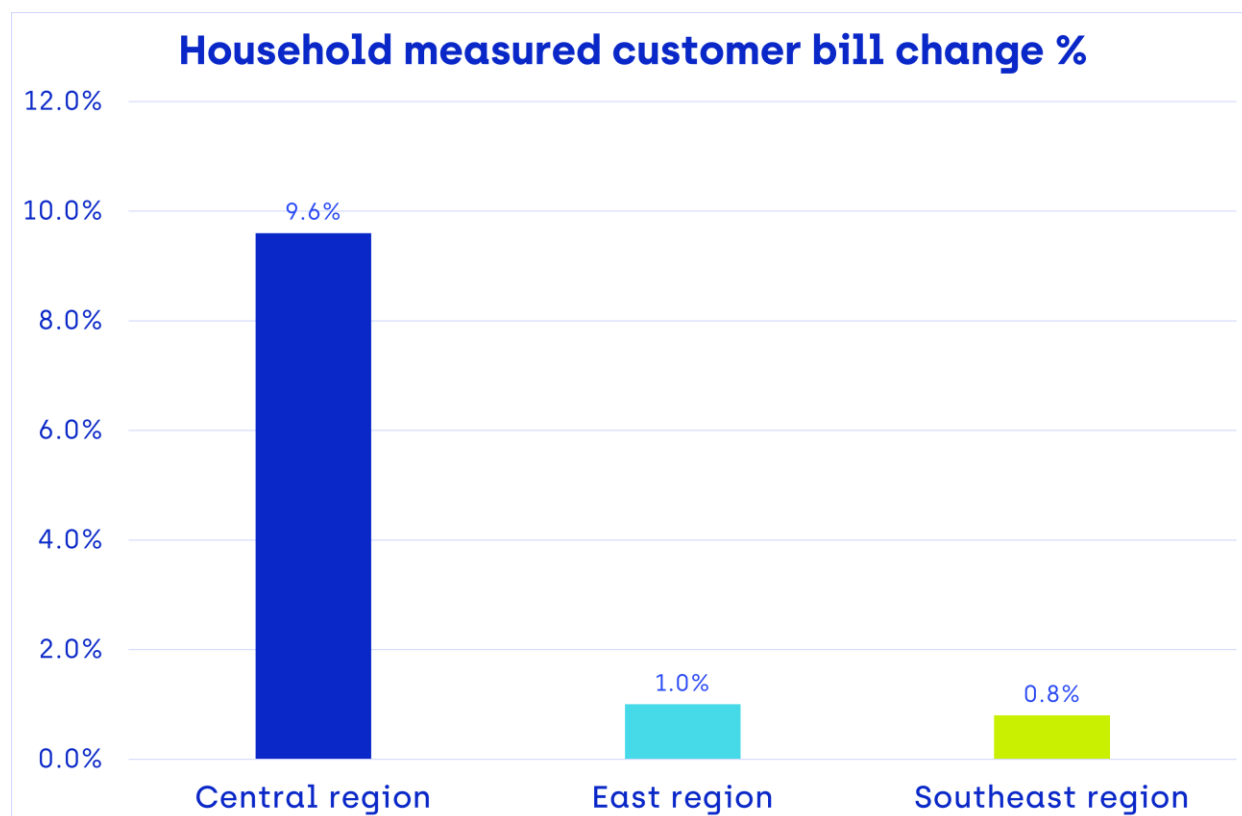


Figure 1-Household measured customer bill change %

- If we are unable to install a meter at your home, we may charge you an 'assessed charge' that consists of a fixed charge and based upon the number of people living with you at home, an annual water consumption amount multiplied by the volumetric rate for your region. The increases in bills track the changes in measured charges.
- If metered charges do not apply to your home, and you have not been put on assessed charges, then rateable value charges will apply. These are made up of an annual fixed charge and a charge calculated by multiplying the rateable value of a home by a rate in the Pound (£) based on the location of the home.

Over recent years, as customer have increasingly transitioned to meters, we have simplified the rateable value tariffs, reducing them from seven down to three. For 2026/27 we propose further reducing these to two by equalising the 'Lee Valley' with the remaining Central areas. Further, we propose freezing the East area tariff and aligning it closer to the Central areas.

The projected rate of average bill increase by area is shown in Figure-3.

Click to read the full version of the [Statement of Significant Change](#). The publication is a regulatory requirement when proposed customer bill increases exceed 5%.

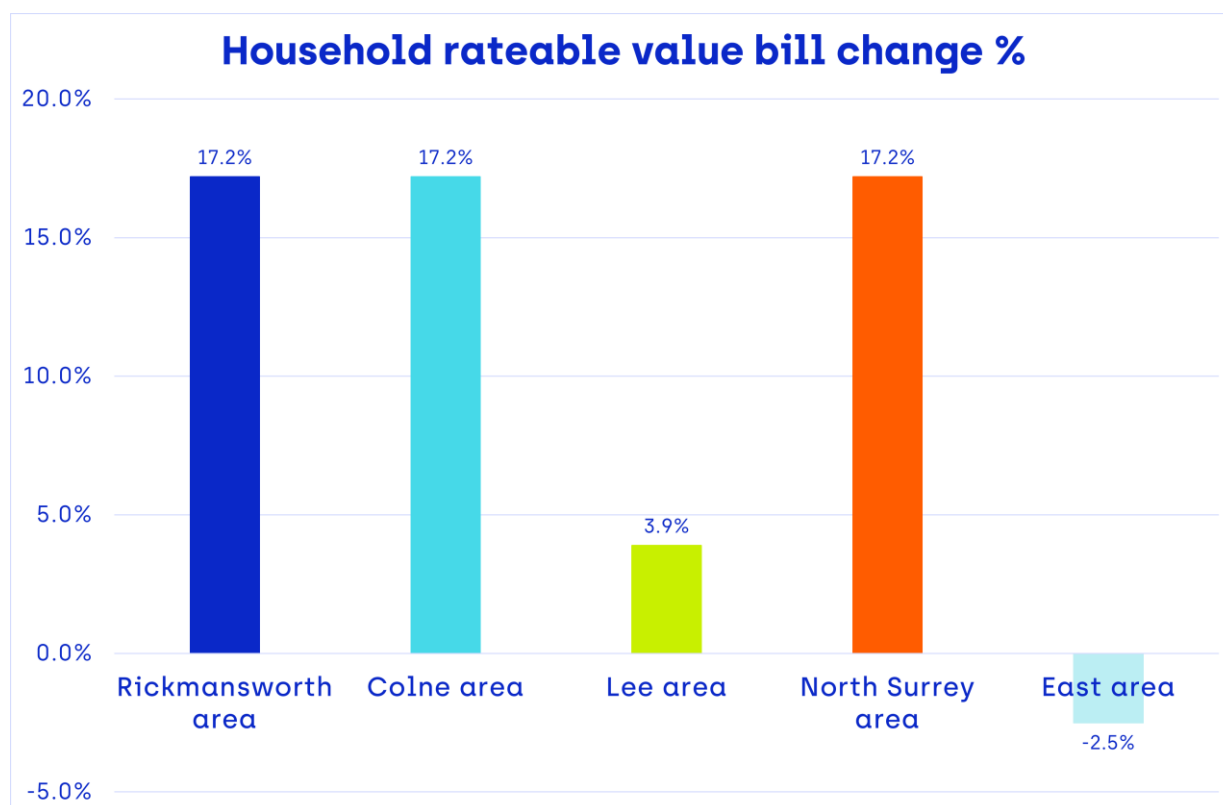


Figure 3 -Household rateable value bill change %

- In setting charges for unmeasured rateable value customers, we reflect usage and service costs, for example, consideration of those customers who do not have a meter and its associated costs and differences in water use per customer between unmeasured and metered customers. In the charging year 2026-27 bills for customers without a meter will be £12/year lower on average than needed to reflect cost differences, which we will remove gradually over the following charging years.
- In addition to futureproofing water resources in the face of population growth we have agreed record levels of industry investment during 2025-30. We also have a stretching performance target between 2029/30 to reduce business water demand by 11%.
- In driving water efficiency through our Smart metering programme and the water efficiency programmes we offer, we are reforming our business retail tariff structure. Currently mid and large users receive discounted volumetric rates, combined with a supplementary fixed charge based upon cost reflective network usage costs. This leads to the outcome that mid and large users pay a lower average cost than standard users, which does not promote water efficiency. We are adjusting the charges so that standard and medium users will pay the same volumetric rate, while large users will see charges increase progressively as they use more water.

The projected average bill increases by consumption band and region is shown in Figure-4.

Click to read the full version of the [Statement of Significant Change](#). The publication is a regulatory requirement when proposed customer bill increases exceed 5%.

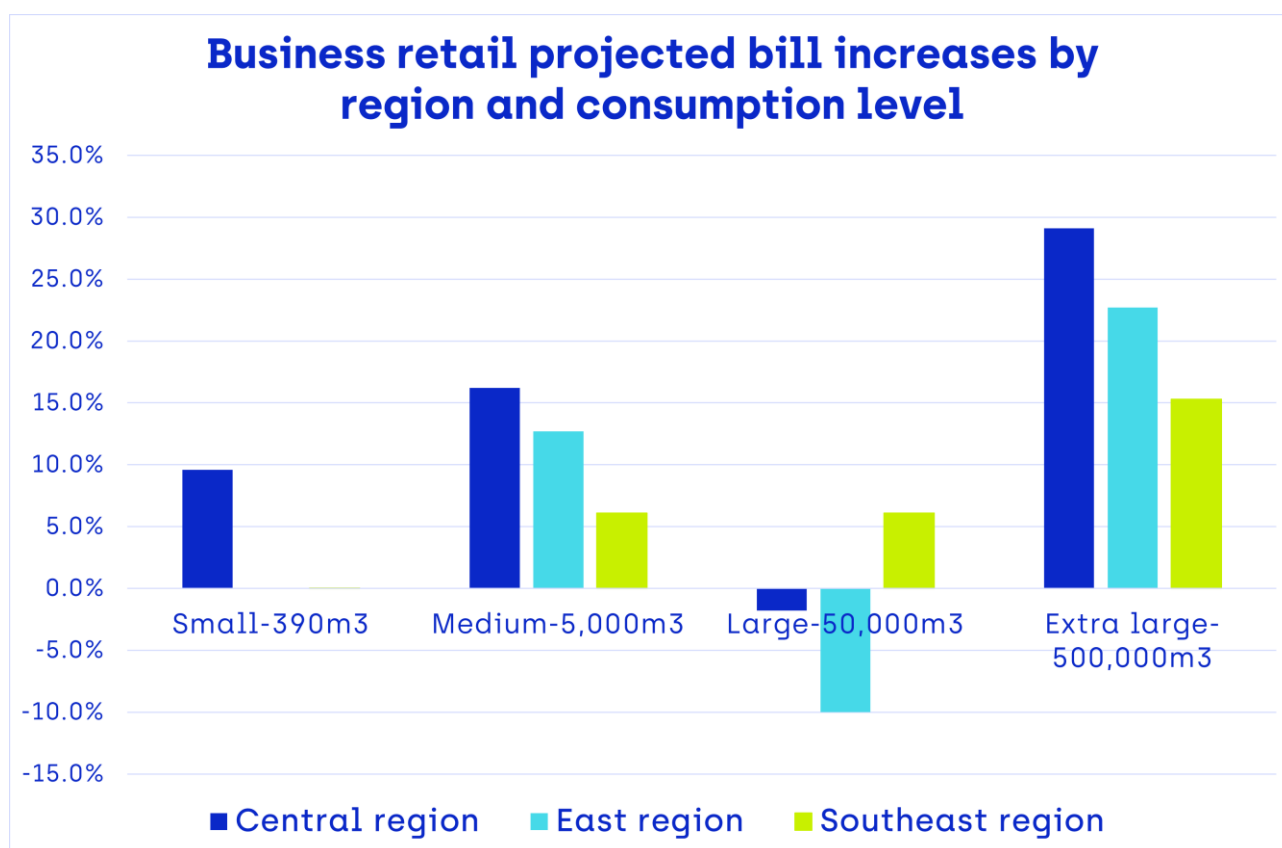


Figure 2-Business retail projected bill increases by region and consumption level

Customer support measures

In setting our tariffs for next year, we propose initiatives designed to mitigate the impact of household bill changes. Firstly, we will continue to promote our social tariff to approximately 132,000 customers who are likely to be eligible by 31 March 2026. This is similar to the number of customers we already supply on these terms. This reflects the net effects of new switchers joining the tariff with removals of customers no longer eligible. We cap the bills of social tariff customer bills at a level that represents a 40% discount to the average household bill and offer, an enhanced discount of 60% for customers in greatest need of support.

- We assist customers at risk in the form of a £50 credit against their water bill. For the charging year 2026/27 we anticipate providing this support to 29,000 customers.
- Alongside our tariff support, we look at how bill changes affect different types of customers and use this information to make our communications more relevant and helpful. For example, by highlighting that customers can choose to pay in instalments to spread their costs weekly or monthly over the year.

Click to read the full version of the [Statement of Significant Change](#). The publication is a regulatory requirement when proposed customer bill increases exceed 5%.