Affinity Water

Statement of Significant Changes 2026/27

13th January 2026



Statement of Significant Change 2026/27

Background

1. As part of Ofwat's Charges Scheme Rules re-issued on 5 December 2022 (Clause A2), each undertaker is required, no later than 13 January, to provide to the Water Services Regulation Authority a statement setting out any significant changes anticipated by the undertaker.

2. During the year, the Board has overseen preparation of the Charges Scheme charges. It met on 9 January 2026 to review the Company's proposed charges, including assessing the effect of proposed charges on customers and groups of customers. The Board has:

    - Noted the requirements published in "Information Notice 25/04", setting out Ofwat's expectations for this Statement of Significant Changes

    - Considered the requirements of Annex A2 of Ofwat's Charges Scheme Rules in respect of this Statement of Significant Changes

    - Considered the actions undertaken by management to prepare the Charges Scheme for 2026/27

    - Reviewed management's assessment of the effects the charges will have on customers' bills for about 30 types of customer, differentiated according to factors including the following:
        - Geographical location
        - Charging method - measured / unmeasured / assessed
        - Consumption band - average, low and high consumption
        - Watersure and social tariff customers.

    - Considered the actions undertaken by management to develop its impact assessments and handling strategies, including stakeholder engagement and consultation, for those instances where the bill increase is expected to be greater than 5%

    - Considered management's assessment of the effects of Affinity Water's household bill changes when combined with expected wastewater bill changes in the Thames Water and Anglian Water wastewater regions, where our customers receive a combined bill for water and wastewater services, as well as in the Southern Water wastewater region (although this region differs slightly in that water and wastewater services are billed separately)

3. A schedule of the expected bill changes is set out in Appendix 1.

4. The charging rules require that if we need to make significant changes to charges we should publish a Statement of Significant Changes setting out:

    - Confirmation of whether the undertaker is expecting there to be any bill increases of more than 5% from the previous year (for a given customer type assuming a constant level of consumption) and, if such increases are expected:
      (i) what size increase is expected;
      (ii) which customer types are likely to be affected; and
      (iii) the handling strategies adopted by the company or why the company considered that no handling strategies are required.

    (b) Details of any significant changes in charging policy by the company from the previous year.

Summary of Changes to Charges

5. Our charges vary according by region as shown in the diagram below. In our Central Region, there are also four sub-regions for unmetered rateable value charges: Colne Valley, Lee Valley, Rickmansworth and North Surrey which reflect historical company boundaries.



6. In 2026/27 we project that we will need to increase our primary wholesale charges by 14.0% on the average typical bill. The average typical final bill increase for 2026/27 is 9.9% for measured customers and 16.2% for unmeasured customers. Out of a total 1.46m assessed, measured and rateable value customers, a majority of 87%, which is 1.28m customers, face significant bill increases greater than 5%.

7. The main drivers of the change in charges are:
   - Our wholesale K factor, net of performance related rewards and penalties, +7.78% for next year's charges.
   - November published CPIH inflation, +3.57%.
   - Changes to the charging base over which we recover our charges.

8. Within the average bill increases there are different rates of increase regionally and across different customer groups. The increases result from the choices that we have made in implementing our ongoing tariff strategy to

make tariffs simpler, and to increase incentives toward demand reduction. These changes in combination with inflation and K factor adjustments result in significant increases in charges of >5% for a majority circa 87% of customers. The changes we propose to our tariffs are summarised below.

- reduced the number of different unmeasured rateable value tariffs.
- tempered unmetered bill increases by allowing a tariff differential of £19.67 between metered and unmetered bills, which will be unwound in future years to restore cost reflective balance between bills.
- frozen the domestic volumetric rate in our East and Southeast regions to narrow the spread with the Central rate. A key driver of bill increases is enhancement investment, the benefits of which are concentrated in our Central area.
- frozen the household fixed charge and recover the revenue effect of this through the volumetric rate instead.
- In the competitive market, removed the large user supplementary charges so that the average unit price paid no longer falls as consumption increases and reduced the discount against the standard volumetric rate.

9. To temper the increase in unmeasured bills and to spread the increase over two years, allowed a tariff differential between metered and unmetered bills of £19.67. The tariff differential is a mechanism that keeps unmetered and metered bills within cost reflective balance. We have updated the metering costs used in this calculation to reflect our transition to smart metering technology which marginally lowered the bill increase. A 14.9% increase in volumetric charges has been applied to measured customers and 20.2% to unmeasured customers. The tariff differential will be unwound in future years when the cost reflective balance between bills will be restored. All 230,000 RV Central region unmeasured customers will be affected by the change. East and Southeast region unmeasured customers' rateable value rates are being held to prior year levels to narrow the spread with the Central region. This is in response to increased rates of metering over recent years resulting in a reduced base of rateable value properties. This process has also led over recent years to tariffs being from 7 to 3 in 2025/26, and for 2026/27 we are simplifying further to 2.

10. We have chosen to freeze volumetric rates in our East and Southeast regions but allowed the rate in the Central area to increase. This narrows the spread in rates between regions and sharpens the volumetric incentives in the region with the highest per capita consumption. We are also mindful that a key driver of bill increases is enhancement investment, the benefits of which are concentrated in our Central area. As a result, the measured rate in the central area is projected to increase by +14.9% where it is 0.0% in our East/Southeast regions.

11. We have frozen the household measured fixed charge and recovering the revenue effect of this through the volumetric rate instead. This sharpens

incentives towards careful water use whilst assisting with bill affordability for low water users and single occupiers.

12. In the competitive sector we have been implementing industry recommendations on tariff simplification and harmonisation over recent years. For 2026/27 we have accelerated tariff reform to promote water efficiency amongst our largest users (+50Ml/annum consumption). This involved strengthening the economic signal of the volumetric rate by removing the supplementary fixed charge for the Central and East regions and reducing the discount against the standard volumetric rate for all three regions. The Southern Region large user tariffs did not have an associated supplementary charge. We have further simplified our structure by removing the 5% mid-user discount for 5-50Ml customers in the Central and Southeast regions and halving the -22% discount in the East region to -11%. Taken together, our proposals mean that in the Central and Southeast regions there would be only a standard tariff for 0-50Ml customers or a large user tariff for over 50Ml. In the East region there remains three tariffs which are 0-0.5Ml, 5-50Ml and over 50Ml, with 0-0.5Ml and 5-50Ml due to be equalised in 2027/28. The destination is for the large-user tariff discounts to be 15% below the standard rate for the charging year 2027-28 and for all regions to have the same tariff structure, that is no supplementary fixed charge and two tariffs, 0-50Ml and 50Ml+. This will complete the tariff structure alignment we started 3 years ago.

Key Areas of Investment

13. Affinity Water has unveiled one of the most ambitious investment programmes in its history, committing £254 million in 2025/26 and £2.3 billion over the next five years to secure a sustainable, reliable water supply while tackling the dual challenges of climate change and rapid population growth. These essential upgrades to infrastructure, environmental protection measures, and customer-focused innovations, will increase water bills to reflect the scale of work needed to safeguard the region's water resources for future generations.

14. Examples of the investments we are making are:
    - £111 million in 2025/26 and £417 million over the AMP in securing future water supplies by investing:
    - £5 million in 2025/26 and £19 million over the AMP in the Grand Union Canal Transfer project due for completion in 2032/33 which will deliver a sustainable and reliable water supply to our customers by way of the canal network from Birmingham to a new water treatment works near Milton Keynes.

- £7 million in 2025/26 and £35 million over the AMP in the SESRO project which will deliver the additional water required once we have reduced groundwater abstraction from the Chalk aquifer
- £23 million in 20205/26 and £60 million over the AMP at two of our largest treatment works (Egham and Iver) to upgrade the treatment in order to supply the required volumes of water with minimal interruptions
- £25 million in 2025/26 and £153 million over the AMP in environmental improvements that will reduce water taken from the Chalk aquifer by 35 million litres per day (including licence relocation volumes) and deliver a programme of river restoration and catchment management.
- £15 million in 2025/26 and £75 million over the AMP investment in leakage reduction measures resulting in a reduction of 30% by 2029-30 against a 2020 baseline.
- £30 million in 2025/2026 and £124 million over the AMP to install 20,000 smart meters for non-household customers and 280,000 smart meters for household customers. This will cover one third of all measured business and household customers by 2030, which will help customers spot leaks, save money by reducing consumption, and protect the environment. This represents our largest investment in non-household metering.
- £8 million in 2025/26 and £88 million over the AMP for the treatment upgrades required in some of our sources to maintain wholesome water supplies to all our customers.

Charges for Household customers

15. There are two broad categories of household customers, metered and unmetered. Metered customers pay a fixed charge and a volumetric charge depending upon usage. Unmetered customers pay a fixed charge that varies according to the rateable value of the property they occupy. Broadly this means that unmetered customers who occupy larger properties pay a higher unmetered water bill than those occupying smaller properties.

16. Household customer bills comprise two components, wholesale and retail. The wholesale element recovers our costs of activities including water abstraction, raw water transport, water treatment and distribution. The retail element recovers our costs of billing, revenue collection, customer service and meter reading. This statement concerns the combined wholesale and retail elements, in other words final prices charged to customers.

17. Table 1 shows the impact of our charges on metered household bills. These increases reflect the frozen household fixed charge leading to the recovery of

revenue through the volumetric charge, and the frozen domestic volumetric rate in our East and Southeast regions to narrow the spread with the Central rate. The table assumes that consumption is held constant at the levels indicated.

Table 1. Typical bills to measured household customers £/year and % change

	Typical Consumption (m3/year)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central region	118	215.37	242.07	12.4%
East region	82	238.90	238.90	0.0%
Southeast region	98	278.42	278.42	0.0%

18. Table 2 shows the impact of our charges on unmetered household bills. The table assumes that rateable value is held constant at the levels indicated.

Table 2. Typical bills to unmeasured household customers £/year and % change

	Typical Rateable Value (£)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Rickmansworth area	248	345.71	415.68	20.2%
Colne area	278	379.00	455.71	20.2%
Lee area	251	391.05	419.68	7.3%
North Surrey area	249	346.82	417.02	20.2%
East area	184	415.70	412.74	-0.7%

19. The percentage increase for unmetered customers is larger than for metered customers. This is necessary to keep metered and unmetered bills in cost reflective balance. Since 2020/21 we have observed water use per unmeasured property to have increased faster than seen in metered properties. To remain in cost reflective balance, unmetered tariffs need to be higher in relation to metered tariffs to reflect the additional water use. For the charging year 2026/27 we have allowed a tariff differential of £19.67 to temper unmeasured bill increases by spreading the increase over two years. This differential will be unwound in future charging years.

20. We offer two social tariffs, our Low Income Fixed Tariff (LIFT) and Watersure. Both tariffs operate by capping the bills of participating customers at a maximum level, related to the average household bill. The LIFT tariff sets a cap reflecting a 40% discount to average bill, and we also offer enhanced LIFT which represents a 60% discount. The movements in our social tariffs are shown in the table below.

Table 3. Typical social tariff bills for household customers £/year and % change

	Maximum Bill 2025/26 (£/year)	Maximum Bill 2026/27 (£/year)	Change (%)
Watersure Central area	209.81	240.00	14.4%
Watersure Southeast area	289.35	292.80	1.2%
Watersure East area	259.30	262.80	1.3%
LIFT tariff all areas	143.80	160.80	11.8%
Enhanced LIFT all areas	95.80	108.00	12.7%

Impact Assessment and Handling Strategy

21. We understand that we are proposing significant changes to our water charges at a time when many customers are already experiencing significant cost of living pressures. Whilst our water bill accounts for a smaller proportion of household expenses than other services such as council tax, gas and electricity, we recognise that it will nevertheless add to pressures on household budgets. Therefore, we have developed and are implementing a handling strategy to mitigate the effects of bill changes on our customers and manage changes to charges.

22. 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 LIFT social tariffs to customers likely to be eligible and we plan to accept a total of circa 132,000 customers by 31 March 2027 onto these tariffs. We are to review customers' eligibility for social tariff and remove those who no-longer qualify for support. This means that net total social tariff customers receiving support for the charging year 2026/27 will be flat on prior year. We cap LIFT Standard customer bills at a level that represents a 40% discount to the average household bill, and Lift Enhanced at 60% discount to the average household bill.

23. We have set tariffs carefully to mitigate bill impacts. By freezing standing charges at last year's level, we mitigate bill effects on single occupier and low water use properties. Further, by setting volumetric charges so that we apply higher rates of increase to areas where consumption per head is also highest, we reach those areas where there is greatest scope for customers to make water savings to control their bill.

24. In 2026/27 we also intend to expand our household tariff trial, which aims to support affordability and incentivise careful water use through a block tariff design. Of 14,000 expected participants we project that 4 out of 5 customers

will receive a lower water bill than if they had remained on standard tariff terms.

25. In 2023/24 we developed a scheme to assist customers at greatest affordability risk. We assist those customers through a credit of £50 against their water bills. For 2026/27 we will allocate £1.05m. This amount corresponds with the un-used capacity for cross subsidy supported by a majority of customers in customer research. We project that we may again be able to assist up to 21,000 customers with their water bills in 2026/27, that we identify both proactively and reactively through customer cases referred to us by third party agencies.

26. In addition to the tariff assistances described above, we have analysed the impact of water bill changes on different customer groups. This has allowed us to make affordability assessments, modelling the effects of bill changes on customer affordability, bad debt risk and vulnerable customers. We have used the insights to plan how we may mitigate these effects.

27. We plan that customers will receive a letter with their bill to explain why tariffs need to increase, alongside information on the different ways we can help them, for example promotion of discounted tariffs, different ways to pay, how to save water (and energy and money) and the benefits of water meters in giving customers control of their bills. We will also replicate these communications with messaging in customers' online accounts.

28. We are using our understanding of customer segments and bill impacts to tailor our communications. Our aim is to target different customer segments with information and advice that is tailored to their needs and is delivered via the communication channels that they prefer. Therefore, we will operate a targeted email, social media, and text message campaign in February to those who we know to be under financial strain or at risk of becoming so, with information on financial help and support available.

29. During February and March (coinciding with unmeasured billing) we will raise customer awareness of our help and support schemes:

    - Homepage website banner linking to bill increase hub page
    - Upweighted message on billing website pages
    - Social media
    - Press release

30. Our external communications activities are centred on improving engagement with customers via third party organisations. By communicating with external organisations in early January, we can raise awareness of the help we offer so that they can better advise and support their clients, helping us extend our engagement to customers and groups that we find harder to

reach through other channels. In this way we aim to engage and mobilise external organisations such that in carrying out their activities they complement our affordability approaches. We will promote social tariff uptake to customers likely to be eligible through a communications campaign targeted at key audiences to complement our affordability approaches.

31. We plan an internal communications campaign, for example briefing through our Senior Leaders Team, 'toolbox talks' and preparation of FAQ brief for customer facing employees. This will cover the reasons why bills are increasing and include the different ways we can help customers. The aim is that our people are well briefed and properly prepared for changes to charges, and in position to assist and support customers.

32. We are also mindful that many of our employees are also Affinity Water customers so we will also run internal communication messages highlighting the information and financial support available for water bills as part of our wider employee wellbeing campaign.

Wholesale Charges for Retailers/Non-Household Customers

33. Our primary wholesale charges to retailers operating in the competitive market typically comprise a fixed charge per customer (that varies according to meter size) and volumetric charges that vary according to consumption. Retailers pay wholesale charges to us based on the applicable fixed charges and consumption aggregated across all the customers they supply. By studying the impacts on typical customer bills across a range of customer size, types, and regions, we can assess by how much aggregated charges to retailers are likely to change.

34. Table 4 sets out the effect of our charges on typical small business customers in each of our 3 charging regions. The table assumes that consumption is held constant at the levels indicated and that small business customers use a 25mm meter. Freezing the standard user volumetric rate for the East and Southeast regions, with only a yearly increase applied to the fixed meter charge, has resulted in virtually flat bills year on year for these two regions.

Table 4. Typical Wholesale Bills to Measured Small Business Customers £/year and % Change

	Typical Consumption (m3/year)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central region	488	689.55	782.32	13.5%
East region	303	713.30	715.67	0.3%
Southeast region	385	900.95	903.15	0.2%

35. Table 5 sets out the effect of our charges on typical medium business customers. For the purposes of comparison, the table assumes that consumption is held constant at 5,000m3/year and that medium business customers use a 40mm meter. The 5% mid user volumetric rate discount against the standard volumetric rate has been removed for both the Central and southeast regions.

Table 5. Typical Wholesale Bills to Measured Medium Business Customers £/year and % Change

	Typical Consumption (m3/year)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central region	5,000	6,539.34	7,868.24	20.3%
East region	5,000	10,240.63	10,266.78	0.3%
Southeast region	5,000	10,879.65	11,547.80	6.1%

36. We offer large user tariffs for customers using more than 50,000m3 per year who meet eligibility criteria.

37. Our large user tariffs currently offer lower volumetric rates than standard, based on differential use of network infrastructure by large users, but an additional fixed charge. For the charging year 2026/27 the additional fixed charge has been set to zero, and revenue collection redirected though the volumetric rate by reducing the large-user volumetric rate discount to the standard rate for both the Central and East regions. The Southeast region does not have the additional fixed charge, and we have reduced the difference between the large user and standard rate. In addition to changes in expected bills driven by inflation and K factor and as noted earlier, we continue to rebalance our large user tariffs away from the fixed element of charges and towards the volumetric rate. This enhances incentives towards efficient water use and supports environmental objectives towards reducing business demand.

38. Table 6 sets out the effect of our charges on typical large business customers. The table assumes that consumption is held constant at 50,000m3/year and that large business customers use a 100mm meter.

Table 6. Typical Wholesale Bills to Measured Large Business Customers £/year and % Change

	Typical Consumption (m3/year)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central region	50,000	65,357.97	57,190.00	-12.5%
East region	50,000	95,642.52	82,445.00	-13.8%
Southeast region	50,000	108,282.15	114,894.80	6.1%

39. Table 7 shows the effect of our charges on extra-large customers, if extra-large business customers use 500,000m3 per year and are supplied on large user tariffs using a 150mm meter. As noted above, we propose to set the additional fixed charge to zero and redirect revenue collection though the volumetric rate by reducing the large-user volumetric rate discount to the standard rate for both the Central and East regions. The Southeast region does not have the additional fixed charge, and the large-user volumetric rate discount to the standard volumetric rate has been reduced. These changes continue to strengthen the tariff incentives towards efficient water use for large business customers. The changes means that wholesale bills for the largest customers will increase by a greater percentage than for other large users, because we are increasing the contribution of volumetric use towards bills. The different rates of change for wholesale bills for large and extra-large customers can be seen by comparing the percentage bill increases between Table 6 and Table 7.

Table 7. Typical Wholesale Bills to Extra Large Business Customers £/year and % Change

	Typical Consumption (m3/year)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central region	500,000	496,952.97	571,900.00	15.1%
East region	500,000	701,860.61	824,450.00	17.5%
Southeast region	500,000	871,737.68	923,942.72	6.0%

40. For unmeasured customers, we charge retailers a fixed charge per property and a rateable value element that varies according to the rateable value of each property supplied. The rateable value element of tariffs varies by region reflecting historical company boundaries.

Table 8. Typical wholesale bills to unmeasured business customers £/year and % change

	Typical Rateable Value (£/RV)	Typical Bill 2025/26 (£/year)	Typical Bill 2026/27 (£/year)	Change (%)
Central area	580	589.81	707.74	20.0%
Colne area	638	644.48	773.34	20.0%
Lee area	494	586.06	610.46	4.2%
North Surrey area	542	553.99	664.76	20.0%
Folkestone area	376	714.41	689.47	-3.5%

Impact Assessment and Handling Strategy for Retailers/Non-Household Customers

41. We understand that we are proposing significant changes to our wholesaler water charges at a time when many business customers are facing challenging conditions in their own markets. We know that some will find it difficult to recover increases in costs from their customers. Whilst for many business customers our water bill accounts for a much smaller proportion of their business expenses than other items such as wages, business rates, employers' national insurance and cost of sales, we recognise it will nevertheless add to cost pressures. Therefore, we are further developing our handling strategy to mitigate the effects of bill changes on business customers and retailers.

42. In addition to record levels industry investment during the years of AMP8 (2025-30) to futureproof water resources in the face population growth, Ofwat has set stretching targets for companies to reduce business demand in its PR24 Final Determination. Affinity Water has a Performance Commitment Level (PCL) to reduce business demand by 11% in 2029-30, based on a 3-year average percentage reduction from a 2019-20 baseline.

43. Large Users over 50ML per year currently pay volumetric rates that are significantly lower than the volumetric rates offered to household customers based on the cost reflectivity principle of lower network impact. In addition to the volumetric charge, large users pay a supplementary charge. The lower volumetric rate and fixed charge offered to larger users creates unclear incentives, in that the more water consumed, the lower the average cost per m^3 unit of water compared to standard users.

44. Through tariff adjustments in prior years, we have been amongst the leaders in the industry in implementing MOSL (Market Operator Services Limited)

recommendations on tariff simplification and harmonization, as outlined in its Good Practice Guide[1] of February 2025.

45. Under S93A of the Water Industry Act, water undertakers are required to promote the efficient use of water. This has been further reinforced by Ofwat's Open Letter [2] published on 9 October 2024, the Independent Water Commission (IWC) Cunliffe Report [3] published 21 July 2025, and Ofwat's consultation on water efficiency[4] that closed on 1 October 2025. Ofwat stated in the consultation that "our existing (Wholesale Charging Rules) WCRs should not be a barrier to phasing out or reforming (Large user tariffs) LUTs or having more harmonised charging structures in the sector".

46. For indicative charges we proposed removing large user fixed charges entirely next year, which in turn means that the average price paid by large users would no longer fall as consumption increases. In addition, we proposed reducing the large user volumetric rate discount against the standard rate by up to a half. Taken together, our proposals meant that in each of our three regions there would be only a standard tariff for 0-50Ml customers or a large user tariff for over 50Ml users and there are no supplementary fixed charges. The revenue effect was neutral across large users as a group but rebalanced revenue collection from the lower end of the scale of users at 50ML who would see a small bill reduction, to those users consuming 500Ml with a bill increase of 29%.

47. This is a significant bill impact for the largest users, and we began a process of consultation with the publication of indicative charges on 13 October. This took the form of adding a consultation section to the Statement of Significant Changes for indicative wholesale charges 2026-27 [5] outlining the case for reform along with bill impacts and inviting responses. Further, we engaged with the largest retailer in our area, Castle Water, and presented and took questions at a seminar of their largest users. We subsequently attended a workshop held by Ofwat with wholesalers, retailers and large users.

48. We have listened to concern from businesses regarding the pace of reform and impact on bills. Based upon feedback we received from some of our

[1] https://mosl.co.uk/document/groups-and-committees/retailer-wholesaler-group/rwg-guidance-1/9208-simplification-and-harmonisation-of-metered-consumption-bands-good-practice-guide/file
[2] https://www.ofwat.gov.uk/wp-content/uploads/2024/10/2024-10-09-Open-letter-to-wholesalers_Final.pdf
[3] Independent Water Commission: review of the water sector - GOV.UK
[4] https://www.ofwat.gov.uk/wp-content/uploads/2025/08/Promoting-water-efficiency-in-wholesale-charges-for-business-customers-%E2%80%93-a-consultation-REVISED-5-Sep-2025.pdf
[5] statement-of-significant-changes-october.pdf

largest users and the difficulty that they would face in enhancing water efficiency in the short term, we have decided to moderate the rate at which we are carrying out large user tariff reform.

49. We recognize the principle of cost reflectivity and will maintain a large user volumetric rate discount against the standard rate. We still remove the supplementary charges and have set a destination over the two years that the discount of the large user volumetric rate against the standard rate will go from -30% in the Central region and -41% in the East region to -15%. In the Southeast region there is currently a -24% discount on the large user volumetric rate and over two years this will likewise be reduced to -15%. Large users in the Southeast region do not have a supplementary charge and we are harmonizing all three regions to this tariff structure. The impact of these changes for final charges against those proposed for indicative charges on volumetric rate increases year on year by year by region are shown in Table 9 below. The resulting projected bills for businesses using 50,000m^3 and 500,000m^3 can be seen in Table 6 and Table 7 respectively.

Table 9. Increase % in 2026/27 volumetric rate >50Ml final charges against indicative charges

Region	Indicative Charges Change %	Final Charges Change %
Central	33.9%	19.3%
East	28.0%	22.5%
Southeast	15.3%	6.0%

50. We a launching a further campaign of engagement with large customers based on our final charges. We are planning to meet with our 13 largest customers as bill impacts are expected to be larger than average for this group. In addition, we have also published a pamphlet outlining our tariff plans at the same time as wholesale charges on the 13th of January 2026.

51. We understand the impact of these tariff reforms and have in place several measures to support customers in both improving water efficiency and supporting payment arrangements with retailers that could potentially be of benefit to businesses.

52. Firstly, we have implemented the large user tariff reforms in a charging year where wastewater charge increases across most of our supply area will be

low. The effect of our water tariff increases on bills will therefore be mitigated in the combined water and wastewater bills.

53. We project that we will upgrade 20,000 business customers' meters to smart meters over the five years of AMP8 by 2030. This will allow customers greater control of their water use and bills. Smart meters can also bring benefits such as easier identification of plumbing losses.

54. We work closely with businesses and retailers to deliver water efficiency. During 2025-26 we have started our roll out of visits to multiple industries and collaboration with retailers to raise awareness of our service. These are businesses that are proactively approached, but also those that submit their interest through the application process on our website. Alongside our BAU rollout of water efficiency visits we are conducting a trial using software to identify businesses within specific sectors and regions that could have high water saving potential. These are including, but not limited to educational buildings, leisure centres and care homes. The trial will include visits to review the types of fittings and possibly retrofit or repair if any water wastage is identified to help make more water efficient. If the trial is successful, we may branch out to other industry sectors and Affinity Water regions.

55. During 2024/25 we put in place alternative payment arrangements which are available to any retailer operating in our area. These arrangements allow retailers to move their R2-RF invoice due date to the end of the month, roughly an extra 10 days of credit, the benefits of which can be shared with customers to mitigate bill changes.

56. In November 2024 we consulted on Alternative Eligible Credit Agreements (AEC) with business retailers[6]. The arrangements were introduced in April 2025, and they increase the AEC discounts available to retailers up to a maximum of £150,000 and are available to any retailer operating in our area. The benefits of these alternative terms could be shared with customers to mitigate bill changes.

57. In 2024/25 we revised our leak allowance policy[7] for business customers.

58. We anticipated industry proposals[8] for wholesalers to align volumetric bands and commenced changes three years ago. This means we are spreading tariff adjustments over time, and our early movement means that we are mitigating

[6] https://www.affinitywater.co.uk/docs/Retailers/2024/AW-Alternative-Eliglible-Credit-2025.pdf
[7] https://www.affinitywater.co.uk/docs/Retailers/2024/NHH-LeakAllowance-24-25.pdf
[8] https://mosl.co.uk/documents-publications/8314-rwg-tariff-sub-group-metered-consumption-bands-consultation-report/file

the bill effects associated with tariff simplification and promoting water efficiency.

59. We want to be transparent about the prospects for water bills to help business customers and retailers to plan their businesses. One retailer suggested that we publish a 5-year projection of bills for this purpose. Therefore, we have included indicative bills for a range of typical customers to 2030 in Appendix 2. The projections in this table include CPIH inflation at 2% per year. They represent our current view of the prospects for typical business customer wholesale water bills, but actual bills could vary from the projections shown. For instance, inflation may turn out differently to our assumption, regulatory performance-related rewards and penalties may be incurred during the projection period and there may be differences in the charging base over which we recover our allowed revenue compared to our current view. Regulatory policy may also evolve, for example as a result of implementation of the Independent Water Commission's conclusions. Changes in these factors may mean that actual bills differ from those projected at this time.

Appendix 1

Typical Water Bill Changes

Movement in retail bills	Typical Bill £/year 2025/26	2026/27	change
Average Household Measured Customer (Central Region)	215.37	242.07	12.4%
Average Household Measured Customer (East Region)	238.90	238.90	0.0%
Average Household Measured Customer (Southeast Region)	278.42	278.42	0.0%
Average Household Unmeasured Customer (Rickmansworth Region)	345.71	415.68	20.2%
Average Household Unmeasured Customer (Colne Region)	379.00	455.71	20.2%
Average Household Unmeasured Customer (Lee Region)	391.05	419.68	7.3%
Average Household Unmeasured Customer (North Surrey Region)	346.82	417.02	20.2%
Average Household Unmeasured Customer (East Region)	415.70	412.74	-0.7%
Social tariff Central and East Region	143.80	160.80	11.8%
Social tariff Southeast Region	143.80	160.80	11.8%
Household Measured Customer Low consumption 65m3/year Central Region	135.13	149.87	10.9%
Household Measured Customer Low consumption 42m3/year East Region	140.10	140.10	0.0%
Household Measured Customer Low consumption 65m3/year Southeast Region	196.91	196.91	0.0%
Household Measured Customer High consumption 300m3/year Central Region	492.24	560.25	13.8%
Household Measured Customer High consumption 225m3/year East Region	592.11	592.11	0.0%
Household Measured Customer High consumption 300m3/year Southeast Region	777.36	777.36	0.0%
Household Assessed 1 occupier (Central Region)	135.10	149.90	11.0%
Household Assessed 2 occupiers (Central Region)	211.10	237.20	12.4%
Household Assessed 3 occupiers (Central Region)	293.20	331.50	13.1%
Household Assessed 4 or more occupiers (Central Region)	375.20	425.80	13.5%
Household Assessed 1 occupier (East Region)	140.10	140.10	0.0%
Household Assessed 2 occupiers (East Region)	229.00	229.00	0.0%

Appendix 1 (cont.)

Typical Water Bill Changes

Movement in retail bills	Typical Bill £/year 2025/26	2026/27	change
Household Assessed 3 occupiers (East Region)	320.40	320.40	0.0%
Household Assessed 4 or more occupiers (East Region)	453.80	453.80	0.0%
Household Assessed 1 occupier (Southeast Region	196.90	196.90	0.0%
Household Assessed 2 occupiers (Southeast Region)	320.40	320.40	0.0%
Household Assessed 3 occupiers (Southeast Region)	453.80	453.80	0.0%
Household Assessed 4 or more occupiers (Southeast Region)	587.20	587.20	0.0%
Watersure customer (Central & Saffron Walden Region)	209.81	240.00	14.4%
Watersure customer (Southeast Region)	289.35	292.80	1.2%
Watersure customer (East Region)	259.30	262.80	1.3%
Average Measured Non-contestable Business Customer Central Region (15mm meter)	777.92	888.55	14.2%
Average Measured Non-contestable Business Customer Southeast Region (15mm meter)	987.31	987.31	0.0%
Average Measured Non-contestable Business Customer East Region (15mm meter)	784.77	784.77	0.0%

Appendix 2

Projection of Wholesale Water Bills for Typical Non-Household Customers

Typical Wholesale Water Bill £/year (nominal)	2025/26	2026/27	2027/28	2028/29	2029/30
Average Measured contestable Small Business Customer Central Region	690	782	810	853	899
Average Measured contestable Small Business Customer East Region	713	716	741	781	823
Average Measured contestable Small Business Customer Southeast Region	901	903	935	985	1,038
Typical non-household contestable medium customer Central Region	6,539	7,868	8,145	8,581	9,042
Typical non-household contestable medium customer East Region	10,241	10,267	10,628	11,196	11,798
Typical non-household contestable medium customer Southeast Region	10,880	11,548	11,954	12,593	13,270
Typical non-household contestable large customer Central Region	65,358	57,190	59,200	62,365	65,718
Typical non-household contestable large customer East Region	95,643	82,445	85,343	89,906	94,740
Typical non-household contestable large customer Southeast Region	108,282	114,895	118,933	125,292	132,028
Typical non-household contestable extra-large customer Central Region	496,953	571,900	649,189	683,901	720,671
Typical non-household contestable extra-large customer East Region	701,861	824,450	935,870	985,911	1,038,919
Typical non-household contestable extra-large customer Southeast Region	1,082,307	1,148,365	1,257,626	1,324,871	1,396,104
Average Unmeasured RV contestable business customer Rickmansworth Region	590	708	733	772	814
Average Unmeasured RV contestable business customer Colne Region	644	773	801	844	889
Average Unmeasured RV contestable business customer Lee Region	586	610	632	666	702
Average Unmeasured RV contestable business customer North Surrey Region	554	665	688	725	764
Average Unmeasured RV contestable business customer Folkestone Region	714	689	714	752	792