



*Wessex Water Services Limited*  
Final Statement of Significant Changes for Primary Wholesale Charges  
2026-27

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## Final Statement of significant changes for primary wholesale charges 2026-27

In accordance with the Wholesale Charging Rules issued by the Water Services Regulation Authority (Ofwat) under sections 66E and 117I of the Water Industry Act 1991, this notice is to notify stakeholders about the proposed significant changes to our primary wholesale charges for 2026-27.

Wholesale charges, as defined by Ofwat in the Wholesale Charging Rules, relate to the charges water and sewerage undertakers can impose on retailers for wholesale water and wastewater services.

This notice was first published in October 2025 based on indicative charges information. Consistent with the Wholesale Charging Rules, we have republished this notice with updated information reflecting our final charges.

### Calculation of allowed revenues

Charges seek to recover the revenue allowed to us by the Regulator, Ofwat.

The calculation of allowed revenue for 2026-27 is based on the following elements:

- 1) the revenue per control based on the “k” factors per service area. These factors are based on Ofwat’s PR24 Final Determination, published in December 2024, but updated to reflect the impact of the mechanism set out in the PR19 Reconciliation Rulebook that adjusts allowed revenues for performance in prior years (ODIs). This results in a revised set of k-factors as set out in Table 4 of Ofwat’s [Final determination adjusting for company actual ODI payments in 2024-25](#) (published in November 2025).
- 2) An adjustment to revenues to reflect the impact of the RFI mechanism also set out in the PR19 Reconciliation Rulebook, which accounts for under / over-recovery in previous years. This adjustment is set out in Ofwat’s [Final determination adjusting for actual company performance in 2024-25: Blind year adjustment](#) (published in December 2025). Overall, it results in a reduction in revenues of £4.3 million across all price controls (in 2022-23 prices).
- 3) A set of one-off ‘end-of-period’ adjustments (also known as other ‘blind year’ adjustments) that are made following the end of each AMP. These adjustments, also set out in Ofwat’s Blind year adjustment Final Determination, specifically account for any difference between PR24 Final Determination forecasts of end-of-AMP positions, and actual outturns. Overall, they result in a further reduction in revenues of around £0.4 million across all price controls (in 2022-23 prices).
- 4) The November 2025 CPIH inflation figure of 3.6%<sup>1</sup>.

Companies can choose the exact profile of how much of the blind year revenue adjustment (including RFI adjustments) is applied in each charging year to 2029-30. We have chosen to apply all such revenue adjustments to 2026-27 bills, while smoothing some ODI revenue adjustments over the course of AMP8 for the wastewater price control. We believe this approach best balances the need to limit bill increases as far as possible, while maintaining bill stability for customers over the longer-term.

The table below summarises the impact of each of these factors on allowed revenues (compared to 2025-26 revenues). The overall increase in allowed wholesale revenues for 2026-27, due to these factors, is c.6%.

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<sup>1</sup> Based on the ONS’s CPIH index released 17 December 2025: 139.4 (Nov 2025) and 134.6 (Nov 2024).

Price control	Nov CPIH	Unadjusted K-factors	ODI payments	RFI adjustments	Other blind year adjustments
Water resources	3.6%	13.9%	0.0%	1.6%	-0.1%
Water network plus		-6.9%	0.6%	0.5%	-1.0%
Wastewater network plus		12.0%	-4.0%	-1.6%	0.4%
Bioresources <sup>2</sup>		0.4%		N/A	

We have not taken account of the Competition and Markets Authority (CMA)'s ongoing review of our PR24 settlement on the calculation of allowed revenues. We noted in our October 2025 Statement of significant changes that the CMA issued its provisional findings on 9 October 2025 – this proposed a 3.8% increase in allowed revenues, over and above Ofwat's PR24 Final Determination, across the whole of AMP8. However, as the CMA has not concluded its review, our final wholesale charges for 2026-27 continue to be based on Ofwat's PR24 Final Determination. Any changes resulting from the CMA's review will affect revenues (and bills) for the remaining years in AMP8.

### Consumption forecasts

Charges are also affected by consumption forecasts. Based on the latest available information, we continue to forecast a small increase in average measured consumption, relative to this year's forecasts used to set 2025-26 charges. We are also forecasting a slight decrease in average unmeasured consumption, relative to last year's forecasts. All other things equal, this means that to ensure we continue to reflect differences in the relative costs of serving these customer groups, the percentage increase in measured charges is slightly higher than for unmeasured customers.

We also forecast a slight increase in the number of customers next year. All other things equal, this means that charges will be slightly lower to recover a given revenue allowance.

### Bill incidence effects

The change in allowed revenues (combined with our final forecasts for customer numbers and consumption) will result in wholesale bill incidence effects of over 5% for customers who we supply with wastewater services.

We also anticipate bill incidence effects of over 5% for some of the largest customers who we supply with water services. This is due to a change in our policy with regards to large user discounts – this is discussed in more detail below.

The tables below set out the key drivers of the increase in bills for (i) a typical wastewater customer (with an assumed consumption of 100m<sup>3</sup>) and (ii) a typical large user of water (with an assumed consumption of 500,000m<sup>3</sup> and therefore affected by our change in large user discount policy).

Bill incidence effects for other customers groups are expected to be lower than 5%.

<sup>2</sup> There is no k factor for bioresources in the same way for the other wholesale price controls, however we have expressed here the overall change in allowed 25-26 to 26-27 revenues.

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Key drivers of changes in charges – wastewater customer (100 m3 consumption)

Factors influencing our wholesale charges	Impact on measured charge
November CPIH inflation	3.6%
Change in revenue allowances due to price review k-factors	12.6%
ODI adjustments (revised k-factors)	-3.6%
Other revenue adjustments <sup>3</sup>	-2.4%
Change in customer and consumption forecasts	-0.4%
<b>Total impact for a typical bill</b>	<b>9.8%</b>

Key drivers of changes in charges – large water customer (500,000 m3 consumption)

Factors influencing our wholesale charges	Impact on measured charge
November CPIH inflation	3.6%
Change in revenue allowances due to price review k-factors	-3.8%
ODI adjustments (revised k-factors)	0.5%
Other revenue adjustments <sup>3</sup>	-1.4%
Change in customer and consumption forecasts	-0.2%
Phase-out of falling block tariff	8.4%
<b>Total impact for a typical bill</b>	<b>7.1%</b>

The full range of changes is presented in the table below. As shown there, water bills are generally falling (except for larger users) and combined bill increases are generally lower than 5%. However, bill incidence effects of more than 5% are expected for all types of wastewater-only customer.

Non-household annual consumption/RV	Water		Wastewater		Combined	
	£	%	£	%	£	%
<b>Measured</b>						
100m <sup>3</sup>	295	-1.8%	337	9.8%	633	4.1%
1,000m <sup>3</sup>	2,909	-1.8%	2,887	10.8%	5,795	4.1%
50,000m <sup>3</sup>	132,484	0.5%	145,016	10.8%	277,501	5.6%
500,000m <sup>3</sup>	1,003,583	7.1%	1,422,767	10.9%	2,426,350	9.3%
<b>Unmeasured</b>						
£300 RV	836	-2.4%	821	9.0%	1,657	2.9%

Overall, we expect to see bill increases ranging from -2.4% (for an unmeasured water-only customer) to 10.9% (for larger wastewater customers). This is similar to the range presented in our original Statement of significant changes (-0.8% to 11.0%). The reason for the small differences in charges and incidence effects is that we have:

- Used the November 2025 CPIH inflation figure of 3.6% (compared to a forecast of 3.7%);
- Updated the blind year and ODI adjustments used in the calculation of 2026-27 allowed revenues, to reflect Ofwat's final determinations; and
- Updated our consumption forecasts taking account of more recent outturn information.

<sup>3</sup> This includes the impact of the RFI and other blind year adjustments, as well as the change in forecast revenues from developer services contributions.

## Other changes

We highlight three further changes to the structure of our wholesale charges that we are implementing for the 2026-27 charging year. The first two of these were highlighted in our indicative wholesale charges publication, and in previous engagement with stakeholders.

### (1) *Phased removal of 20 MI / 100 MI / 150 MI volumetric bands for potable water*

Our existing wholesale tariff structure offers decreasing rates per unit of water if volumes consumed exceed 20 / 100 / 150 megalitres (MI) per year. This is sometimes known as a ‘falling block’ tariff.

We have reviewed this tariff structure in the context of our AMP8 water resources strategy. We no longer believe that it sends the right signals to customers, and in particular could reduce incentives to save water. Furthermore, while it reflects short-run differences in costs between users of an existing network, it ignores the costs of future water resource schemes that are partly driven by high water demand.

We will therefore begin phasing out these volumetric consumption bands over the rest of AMP8, beginning from April 2026, and move to a single volumetric wholesale rate for potable water. We believe this tariff structure will be more reflective of the long-run costs associated with providing water. Additionally, it will better support our water efficiency objectives and [Strategic Direction Statement](#) outcome of sustainable abstraction.

We note that Ofwat has recently published a [consultation](#) on promoting water efficiency in wholesale charges for business customers. Ofwat’s current view is that falling block tariffs are no longer appropriate, given the water scarcity challenges faced by industry. It also confirms that phasing out these tariffs is consistent with its existing wholesale charging rules.

### *Alignment with RWG Good Practice Guide*

The tariff sub-group of the national Retailer Wholesaler Group (RWG) exists to investigate how to simplify the existing primary tariff structure in the non-household market.

In February 2025, the RWG issued a [Good Practice Guide](#) which recommended that all wholesalers align their metered volumetric consumption bands with the following thresholds: 0.5 MI, 50 MI, 100 MI and 250 MI. The Guide recommends that implementation should commence from April 2026, with full alignment achieved by the 2030-31 charging year.

This change would ensure compliance with the RWG’s Good Practice Guide, which confirms that the same unit rate can be used across multiple consumption bands if an even simpler structure is in use or proposed for use by the wholesaler.

### *Impact on customers*

We have considered the impacts of this change on affected customers.

- There are around 100 existing customers on these tariffs. We estimate that this change will increase charges for the majority of these customers (i.e. those on the 20 MI consumption band) by an average of less than 2% next year. Furthermore, for around two thirds of these customers (who are currently consuming more than 50 MI), this impact is broadly equivalent to aligning our 20 MI threshold with the RWG’s recommended 50 MI threshold – in other words, the incremental impact of removing this band entirely is even smaller.

- The forecast impact for those customers on the higher volumetric bands of 100 MI and 150 MI would be between 2-6% and 6-11% respectively in 2026-27.

At this stage, we intend to completely phase out these bands by the start of the 2030-31 charging year, in which case the impacts in years 3-5 of AMP8 would be broadly similar to those presented above. However, we will keep this timing under review as we progress through AMP8.

We [wrote](#) to retailers about this change in September 2025, and we will continue to engage with affected stakeholders in advance of the next charging year, in particular to provide advice and support on how they can further mitigate these impacts by reducing their usage. We have already [published](#) information on this, and we will be providing further details in due course about our water efficiency visits and water innovation fund.

## *(2) Alignment of SWD / HWD bands with fixed meter bands*

In 2024-25, in response to the Retailer Wholesaler Group (RWG)'s April 2023 [consultation](#) on harmonising bands for fixed meter charges, we made some changes to our meter fixed charges for potable water. To ensure alignment across our water and wastewater charges, we are amending the threshold for our SWD and HWD fixed charges such that a customer on a 25mm meter size would be charged the lowest standing charge<sup>4</sup>. This would ensure consistent treatment of customers with a 25mm meter across water and wastewater.

We forecast that this change will lower SWD and HWD charges for around 2,000 non-household customers.

## *(3) Addition of Assessed Charges bands*

Having reviewed our assessed charges bands, we consider it appropriate to introduce two new bands 9 and 10 for both water and sewerage, to ensure that we can continue to set these charges on an accurate and cost-reflective basis. These new bands correspond to an annual assessed volumetric consumption of 500m<sup>3</sup> and 1000m<sup>3</sup> respectively.

For unmeasured customers moving onto an Assessed Charge, we will continue to assess which band is most appropriate in the same way as we currently do, based on information made available to us about the usage at the eligible premise.

## **Wider handling strategy and mitigations**

As set out above, the anticipated bill increases next year are driven by two main factors: the k-factors set out by Ofwat (particularly for wastewater); and forecast inflation.

The allowed k-factors at FD should support investment that allow us to meet the challenges of a rapidly changing world while providing excellent service, while the allowed increase in revenues from inflation should enable us to continue to deliver resilient services in light of the upward cost pressures we are facing.

In developing our PR24 business plan, we carefully considered the profiling of revenues over AMP8 and how to balance the need for this immediate investment while limiting the impact on customers. We leveraged a range of mitigations which included: slowing down the cost recovery of investment; and reprofiling revenue beyond 2025-26, in order to limit the immediate bill impacts.

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<sup>4</sup> In other words, our SWD and HWD bandings will change from "<25mm" and "≥25mm <30mm" respectively, to "≤25mm" and ">25mm < 30mm".

We have further considered the appropriate profiling of revenues arising from the blind year and outcome delivery incentive adjustments. As explained above, we proposed some smoothing of ODI revenue adjustments for the wastewater price control as part of Ofwat's blind year process, to maintain a smoother bill profile for customers over the course of AMP8. This was supported by the CCW, and Ofwat confirmed this approach in its Blind year adjustment Final Determination.

### **Customer communications**

We have actively engaged with stakeholders about the potential upcoming changes. In September 2025, we wrote to all retailers informing them of likely increases in our 2026-27 charges, highlighting in particular the impact for larger users of removing the 20 MI / 100 MI / 150 MI volumetric bands. We believe that phasing this change over a period up to five years, in addition to early engagement this year, provides sufficient mitigation to allow customers to plan for and manage the impacts. Furthermore, as set out above, we have also provided information on how they can further mitigate these impacts by reducing their water usage.

Following the publication of our indicative wholesale charges in October 2025, we have held follow-up engagement with individual retailers, particularly in respect of the planned changes to the structure of wholesale charges that have been proposed for the 2026-27 charging year. Further engagement with the CCW as well as the Retailer and Wholesaler Group (RWG) Tariff Simplification sub-group also took place over autumn 2025.

Our final wholesale charges are not materially different to those indicative wholesale charges.

We will continue engagement with retailers over the coming months to assist in communicating and handling the bill changes, including via regular engagement with our account management team. To support this, and in line with RWG best practice, we have published a separate document<sup>5</sup> setting out further information for retailers and non-household customers on how charges are changing and the key drivers of these changes, as well as future changes in charges over the rest of AMP8. This will assist retailers with customer communications, and non-household customers with their own planning for future bill changes.

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<sup>5</sup> See Further information on 2026-27 Wholesale Charges, available on our website: [Our charges](#). This is an updated version of a document first published in March 2025.