

south east water

# Statement of significant changes

October 2022



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# South East Water

## Statement of significant changes

### Overview

The purpose of this statement is to provide our stakeholders with information on changes to our wholesale charges for 2023/24 in relation to non-household premises only.

This information is provided in accordance with the wholesale charging rules issued by Ofwat. It relates to wholesale charges that we apply for water supplies to retailers (water supply licensees).

### Changes to our charges in 2023/24

#### Expected changes to the level of our wholesale non-household charges

This statement should be read in conjunction with the Board assurance statement relating to our indicative wholesale non-household charges for 2023/24.

Applying the rules and regulatory mechanisms set out in our price determination without specific adjustment, we anticipate likely increases in wholesale non-household charges in 2023/24 compared with 2022/23 of c. 8.8%.

The main factor causing this level of increase will be inflation as reflected in the November 2022 CPI-H used to index our charges year on year.

We will consider whether and how we might be able to make adjustments to limit the increase in our charges having due regard to the impact inflation and energy costs are having and are expected to have on our own costs in 2023/24.

Any such adjustments would be determined following further analysis, engagement with retailers and stakeholders, and further consideration of macro-economic conditions.

If we determine that adjustments would be appropriate and sustainable, they will be reflected in our final wholesale charges for 2023/24 to be published at the beginning of 2023.

## Billing impact

Based on our modelling and impact assessment, we expect that weighted average wholesale non-household bills may increase by c. 8.8% based on a forecast November CPI-H of 9.16%.

The actual level of increase being dependent of the actual November CPI-H index.

## Handling Strategies

When bill increases for retailers and their customers are expected to exceed 5%, Ofwat charging rules states that we must publish a statement of significant change which includes information on the expected changes and how retailers and their customers are likely to be affected and on the handling strategies that we will adopt.

We set out below the handling strategies that we are considering and which form the basis for our engagement with retailers and stakeholders. The steps set out below would be taken at the request of non-household customers and communication would be agreed and coordinated with retailers.

### *Generic handling strategies:*

- We will arrange for free water efficiency advice to be made available to retailers and their non-household customers to help them manage their water usage;
- For relevant groups of businesses who use a larger volume of water under our block tariff, and which are likely to be more significantly affected and have the greater potential to manage and reduce their water usage, we will offer free water efficiency audits;
- We will arrange for an assessment of whether it is feasible to meter premises not currently metered and where possible apply metered charges instead of other charges where this may result in lower bills.

### *Specific handling strategies where charges are changed from unmetered to assessed*

We will also apply the handling strategies previously designed for customers who have or will be moving from unmetered charges to assessed charges as follows:

- We will arrange for an individual re-assessment of the consumption taking account of the specific circumstances of the premises. Where appropriate this will involve a site visit and a comparison of the assessed annual volume to similar metered properties;
- We will arrange for an assessment of whether it is feasible to meter the premises and where possible apply metered charges instead of assessed charges; and

- We will arrange for free water efficiency advice and for a review of the assessment of the consumption on the premises once water efficiency measures have been implemented that result in a significant reduction.

## Stakeholder engagement

In developing our wholesale charges for 2023/24 we have engaged with CCW (the Consumer Council for Water).

We have presented our indicative charges including the level of each charges based on an increase of 8.8% and our proposed handling strategies at a retailer day held on 12 October 2022. We will also write to all retailers in our area to inform them of the changes and proposed handling strategies.

In the forthcoming months we will conduct further engagement with retailers to make them aware of our approach and ensure their views are taken into consideration in the design of our handling strategies and in coordinating their application with them.

We continue to welcome feedback and comments from retailers and other stakeholders with regard to the structure and content of our tariffs to inform future strategy.

Please send your observations or queries in relation to this proposal to:  
[yourwateryoursay@southeastwater.co.uk](mailto:yourwateryoursay@southeastwater.co.uk)

## Contact Us

South East Water  
Rocfort Road  
Snodland  
Kent  
ME6 5AH

[southeastwater.co.uk](http://southeastwater.co.uk)

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