



STATEMENT OF SIGNIFICANT CHANGES 2025/26

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 (SWW) is publishing details of any significant changes to our indicative primary wholesale charges for 2025/26, including where bill increases are expected to be greater than 5% from the previous year.

Our wholesale charges, published alongside this statement, have been developed using best available information and assumptions, notwithstanding ongoing uncertainty around the economic environment.

Our Charges Schemes, to be published separately, will set out indicative wholesale charges for all customer tariffs for 2025/26.

Key assumptions underpinning charge movements

The changes in primary charges for 2025/26 include the following assumptions:

- November CPIH inflation estimate (2.02%) using Government and independent sources.
- Changes in allowed revenue arising from SWW's (inc Bristol) Draft Determination Response
- Estimated future consumption and customer numbers.

Charging policy

In recent years we have undertaken significant work to remove water poverty in the region, encourage water efficiency and make our charges progressive.

In 2024/25 we restructured the SWW non household (NHH) large user charges (water and wastewater) to remove the falling block structure and reflect that the region is no longer in water surplus. This is being phased in across the AMP and the second tranche has been applied in 2025/26.

For 2024/25 we also identified a need to rebalance the recovery of surface water drainage costs between household and non-household customers. This is also being phased in across the AMP and the second tranche has been applied in 2025/26.

During 2024/25 we have commenced a number of progressive charging trials – these are ongoing as the trial period crosses several financial years. Full details of the proposed trials and charges applicable to each trial are published in the Appendix of the Wholesale Charges Document for each region.

Fundamentally we want our charges to be as fair as possible. Fairer charging means that customers who use more water pay more, allowing us to ensure that our bills are more affordable for those who might struggle to pay for an essential service.

Our charges are made up of 3 elements: a retail charge, a wholesale fixed charge and a wholesale volumetric charge. Fixed charges can be regressive. For water efficient customers, the proportion of their bill that is fixed is higher than for those customers who are profligate with water.

For 2025/26 charges we have undertaken significant reviews of our cost base and our customer base to identify ways we can improve our charging structure. From this we have implemented a change to remove the SWW standard measured wholesale fixed charge and halve the standard unmeasured wholesale fixed charge. This updates the link between our charges and our cost base, gives better alignment between SWW and Bournemouth regions (our review of the Bristol area did not support an equivalent adjustment), provides additional incentive for unmeasured customers to opt for a measured supply and ensures clear benefits accrue to water efficient metered SWW household customers.



Water efficiency or opting for a meter will help customers to minimise their bill, which is good for customers as well as for the preservation of our water resources and environment.

Bill increases of more than 5% from the previous year

Primarily due to the uplift in revenue in the Draft Determination, almost all customers in the SWW and BW regions, will be seeing a bill increase greater than 5% in 2025/26. Based on Bristol's Draft Determination response a small number of bill impacts >5% are present in the indicative charges.

In addition to opting for a meter we provide domestic support tariffs through Watersure, Watercare and Assist and our extensive water poverty modelling has so far led to the automatic enrolment of 26,000 customers onto these tariffs to remove them from water poverty.

We are working with customers by offering payment breaks, water efficiency advice and home visits as well as help with debt (including proactive intervention to help avoid debt). To ensure customers have all the financial income available we help customers to identify benefit entitlement and our Watershare+ incentive scheme has shared financial efficiencies with our customers which can be used either to become a Pennon Group Plc shareholder or as a credit against the bill. Alongside this our Stop the Drop and Water is Precious campaigns have provided direct support to customers, rewarding them financially for collective water efficiency activity.

For NHH customers we are focused on supporting these customers through their retailers to maximise water efficiency saving measures to reduce consumption and therefore bills. This will include specific focus on the greatest impacted customers in advance of the charging year commencing in order to tailor support where necessary.

Further review of handling strategies and engagement with CCW will be developed between indicative and final tariffs to ensure every possible support is available to our customers.