

## Statement of significant changes

### Scheme of Charges 2019/20

This statement has been completed in accordance with the information requirements of the Charges Scheme Rules published in July 2018.

### Significant bill increases

a) 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:

- what size increase is expected;
- which customer types are likely to be affected; and
- the handling strategies adopted by the company or why the company considered that no handling strategies are required.

The change in end bills of both residential and business customers arising from the Scheme of charges 2019/20, assuming constant level of consumption, has been reviewed by the Board. Welsh Water does not expect any bill increases of more than 5%. The effect of the charges on a representative sample of customers is shown in the tables below. The change in bills for household customers differs from the change in bills for non-household customers due to a rebalancing of wholesale revenue to household customers informed by our cost analysis work.

#### Illustrative Bills – Household customers

	18/19 Bill £	19/20 Bill £	Variance £	Variance %
<b>Unmeasured Household Bills</b>				
Low RV	414	424	10	2.4%
Medium RV	560	574	13	2.4%
High RV	718	735	17	2.4%
Uniform Service Charge	576	590	14	2.4%
Water Only (Medium RV)	233	243	10	4.1%
Full sewerage only (Medium RV)	327	331	4	1.1%
Foul sewerage only (Medium RV)	272	281	10	3.5%
<b>Assessed Measured Charges</b>				
1 person	319	325	6	1.9%
2 persons	416	422	5	1.3%
<b>Social Tariffs</b>				
WaterSure Wales	320	327	7	2.4%
HelpU	197	202	5	2.4%
<b>Measured Household</b>				
Low consumption	274	278	4	1.4%
Medium consumption	362	363	1	0.3%
High consumption	531	527	-4	-0.8%
Water only	145	148	3	2.1%
Full Sewerage only	217	215	-2	-0.9%
Foul Sewerage only	189	176	-12	-6.6%

NB. Figures may not reconcile due to rounding.

## Illustrative Bills – Non-household customers

	18/19 Bill £	19/20 Bill £	Variance £	Variance %
<b>Unmeasured Non-Household Bills</b>				
Water	306	290	-16	-5.3%
Sewerage	432	411	-22	-5.0%
<b>Measured Charges</b>				
Water <50MI	745	708	-37	-5.0%
Sewerage <50 MI Full Service	1,070	962	-108	-10.1%
Sewerage <50 MI Foul Only	907	863	-44	-4.8%
Sewerage >100MI Full Service	617,069	573,660	-43,409	-7.0%
Water Band 1 (50MI pa)	94,291	89,114	-5,177	-5.5%
Water Band 2 (100-250MI pa)	197,531	186,424	-11,107	-5.6%
Water Band 3 (250-500MI pa)	367,457	346,806	-20,651	-5.6%
Water Band 4 (500-1000MI pa)	733,609	696,918	-36,691	-5.0%
Water Band 5 (>1000MI pa)	1,006,740	958,788	-47,952	-4.8%
<b>Trade Effluent</b>				
Trade Effluent <100MI	10,077	9,743	-334	-3.3%
Trade Effluent >100ml	375,604	356,324	-19,279	-5.1%

NB. Figures may not reconcile due to rounding.

## Changes in charging policy

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

### 2018/19 Changes - update

#### Abatement of wholesale K

Charges for 2018/19 were set to recover less than the allowed wholesale revenue to ensure that changes to typical household bills were below RPI inflation. Charges for 2019/20 have been set to recover the "full" wholesale revenue allowance taking into account the "WRFIM" adjustment for over recovery of income in 2017/18 as reported in the Annual Performance Report. The abatement of K in 2018/19 charges will be recovered through the PR19 reconciliation adjustments due to the two-year lag in the WRFIM methodology.

#### Assessed Measured Charge (AMC) customers

A glide-path was introduced last year to ensure that updating assessed consumption did not increase bills by more than 5%. The glide-path has been completed this year.

#### Welsh Water Assist transition

Welsh Water Assist (WWA) customers moved onto the WaterSure Wales tariff from 1 April 2017. The only exception was for around 1,500 Severn Trent and Hafren Dyfrdwy customers who were moved onto a "WWA Sewerage Only Transition" tariff, introduced with the 2017/18 Scheme of Charges. This sewerage only transition tariff has increased by 5% in line with the transition plan. The glide-path to move these sewerage only customers onto the full WaterSure Wales tariff is expected to be complete by 2022.

## 2019/20 Changes

### **Industrial Tariffs**

The structure of the industrial tariffs has been changed to a three-part tariff. The current two-part tariff includes the charge for the main meter supplying the premises within the fixed charge. From 2019/20 the meter will be charged separately. This change has been published in the scope of significant changes in July and alongside the publication of the indicative wholesale tariffs in October. There is no material impact of this change on these customers.

### **Review of the recovery of surface water charges**

Surface water is currently recovered through the fixed element of the unmeasured bill and the volumetric charge for measured customers. The policy has changed to recover costs of surface water through the fixed element of both unmeasured and measured customers. An immediate switch to effect this in 2019/20 would result in a significant impact on foul only customers taking high volumes and so the alignment of the volumetric rate will be phased in over a number of years.