

Statement of significant changes

2020/21 Scheme of Charges

This statement has been completed in accordance with the information requirements of the Charges Scheme Rules published in July 2019.

Section 1 – 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 bills of both residential and business customers arising from the Scheme of Charges 2020/21 has been reviewed by the Board.

The Final Determination (FD) published by Ofwat on 16th December 2019 allowed more revenue for 2020/21 than for 2019/20 which has put upward pressure on bills and would have resulted in some customers' bills increasing by more than 5%. The Board has decided to bring forward expected ODI penalties arising from 2019/20 performance as part of the handling strategy (see table 1 below). Additionally, the charges for wholesale wastewater network plus have been set to recover around £5m (1%) less than the FD allowance to ensure that non-household wastewater customers in particular will not see any material (>5%) increases in their bills in 2020/21, at constant consumption. Despite these adjustments there are a small number of trade effluent customers who would see their bills increase by more than 5% at constant volume and strength. These are customers with high strength discharges. The Company will proactively contact these customers to make them aware of the possible impact on their bill and will work with them to minimise the impact.

Table 2 and 3 show the effect of the published charges on a representative sample of customers.

Table 1: ODI adjustments for forecast performance in 2019/20

The table below shows forecast ODI outcomes from forecast performance in 2019/20 which will be determined by Ofwat in July 2020 in the "blind-year true-up." The first column shows the expected ODI outcome that was submitted to Ofwat in the Reconciliation Rulebook in July 2019 and incorporated in the FD. The second column is the forecast performance. The difference between these two numbers has been applied to the respective wholesale network plus revenue control and incorporated in the Scheme of Charges 2019/20.

Performance Commitment	Reconciliation Rulebook	Forecast	Difference
	£m	£m	£m
Water	(2.3)	(4.4)	(2.1)
Wastewater	2.3	1.8	(0.5)

Table 2: Illustrative bills – Household customers

The table below shows the bills arising from the Scheme of Charges 2020/21 for a range of typical residential customers and shows the variance from the bill of the previous year (assuming constant consumption for measured customers).

	19/20 Total Bill (£)	20/21 Total Bill (£)	Variance £	Variance
Dual Service customers				
Unmetered Dual Service				
Low RV	424	432	7	2%
Medium RV	574	583	10	2%
High RV	735	748	13	2%
Metered Dual Service				
Low consumption	278	279	1	0%
Medium consumption	363	364	1	0%
High consumption	527	529	2	0%
Uniform Service Charge Dual Service				
Full Service	590	600	10	2%
Unmetered Dual Service - foul only				
Low RV	375	382	7	2%
Medium RV	524	534	10	2%
High RV	686	698	13	2%
Metered dual Service - foul only				
Low consumption	244	246	1	0%
Medium consumption	324	326	1	0%
High consumption	479	481	2	0%
Uniform Service Charge Dual Service - foul only				
USC Foul Only	541	551	10	2%
Social Tariffs				
HelpU	202	211	9	4%
WaterSure Wales	327	343	16	5%
Single Service customers				
Water Only				
Unmetered medium RV	243	240	(2)	-1%
Metered medium consumption	148	147	(2)	-1%
Wastewater Only - full sewerage service				
Unmetered medium RV	331	343	12	4%
Metered medium consumption	215	218	3	1%
Wastewater Only - foul only				
Unmetered medium RV	281	294	12	4%
Metered medium consumption	176	179	3	2%

Table 3: Illustrative bills – Non-household customers

The table below shows the bill arising from the Scheme of Charges 2020/21 for a range of typical business customers and shows the variance from the bill of the previous year (assuming constant consumption for measured customers).

	19/20 Total Bill (£)	20/21 Total Bill (£)	Variance £	Variance
Non Household				
Unmetered Dual Service				
Medium RV	701	729	28	4%
Metered Standard Dual Service				
Medium consumption	1,670	1,734	64	4%
Water Only				
Industrial Tariffs				
Band 1 (50 MI - 100 MI)	88,194	91,653	3,459	4%
Band 2 (100 MI - 250 MI)	177,645	184,438	6,793	4%
Band 3 (250 MI - 500 MI)	346,793	359,923	13,130	4%
Band 4 (500 MI - 1000 MI)	634,372	660,253	25,881	4%
Non Potable				
Raw Band A	1,781	1,848	67	4%
Partial Band A	1,295	1,343	48	4%
Raw Band B	182,253	189,481	7,229	4%
Partial Band B	969,370	1,008,235	38,865	4%
Wastewater Only				
Trade Effluent				
Trade effluent (<100MI) Total Bill	9,744	10,138	394	4%
Trade effluent (>100MI) Total Bill	356,332	371,241	14,910	4%

Section 2 – Changes in charging policy

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

2019/20 Changes – update

Review of the recovery of surface water charges

Charging for surface water has been changed to recover the costs through the fixed element of both unmeasured and measured customers' bills to better reflect the cost of service provision. An immediate switch of the structure of the measured charge to effect this in 2019/20 would have resulted in a significant impact on foul only customers taking high volumes. So this was partially implemented in 2019/20 to allow for full alignment of the volumetric rate to be completed in 2020/21. This was discussed with CCWater.

The implementation has not been fully completed in the 2020/21 charges, so as to avoid affected customers seeing a bill increase of greater than 5%. The full alignment will be completed in future years.

Welsh Water Assist transition

The sewerage only transition tariff increased by 5% in line with the transition plan. The phased implementation to move these sewerage only customers onto the full WaterSure Wales tariff was expected to be complete by 2022. However, the phasing has been extended to ensure that these customers do not see a material increase in their bill. The proposal was discussed with CCWater.

Any customer who was eligible for HelpU was transferred as part of the original handling strategy.

2020/21 Changes

Review of the recovery of highways drainage charges

The level of the highways drainage charge has been reviewed this year to better reflect the cost of service provision. The household charge for both measured and unmeasured customers has been set at £7.36, non-household customers at £25.68 and industrial customers discharging more than 100MI per year set at £10,273.78. Highways drainage is recovered through the fixed element of the customer's bill.