

Indicative changes in our wholesale charges

Draft wholesale charges scheme

Severn Trent Water 2018/19



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Indicative changes in non-household wholesale charges 2018/19

We have assessed the impact of our indicative charges on a representative cross section of customers. The effects will vary depending on the actual level of inflation and newer information used to calculate final charges in January.

Waterservice

Wholesale charges for small non-households using 120 cubic metres of water or less (similar to household consumption) may see price increases slightly over 5%. This will depend on the actual rate of inflation published in December, but RPI in August was significantly higher than was applied in last year's charges. We expect that increases in the overall bill for metered customers taking both services should fall below 5%.

Waste waterservice

Because of the pressure on customer charges this year from higher inflation, we have decided to defer £38.5m income from Outcome Delivery Incentives that would otherwise have been collected from charges in 2018/19. As a result, metered non-household customers should see reductions or below inflation increases in their waste water charge. As announced in July, customers discharging more than 10,000 cubic metres of used water will also qualify for a discount on volumes above that threshold.

For customers who take both services from Severn Trent, these actions should help offset increases in water charges where we are not able to defer income in the same way. We expect that combined wholesale charges for metered customers should rise by less than the rate of inflation.

For the waste service alone, unmetered wholesale charges may rise by slightly over 5% depending on the rate of November RPI. Where these customers take both services from Severn Trent, their charges should increase by less than 5%.

Transitional scheme for surface water drainage concessions

Last year we started to transition nursing homes, care homes and day care centres onto regular site area surface water drainage charges, implementing a 25% real increase in the "Band T" charge. This year, we are increasing Band T by a further 25% and some customers will be moved off Band T onto a regular Band 4 charge. Due to the other changes we have made, we do not expect wholesale waste water bills for Band T customers to rise by more than 5%.

Trade effluent

In 2016/17 we removed minimum charges for trade effluent (TE) and replaced these with a fixed charge. For the majority of small TE customers this led to a reduction in prices. This year we are increasing the wholesale element of the fixed charge (for TE alone) by £22 to cover wholesale administrative costs associated with managing TE consents. The smallest TE customers will pay around £120, considerably less than the minimum charge in 2015/16 but these customers may see an increase of 25% on the TE bill they pay.

Most Trade Effluent customers also receive other services from Severn Trent and therefore the increase in their overall charge will be significantly lower.