

Significant changes in our wholesale charges

2021-22

Wholesale Charging Rules published by the Water Services Regulation Authority (WSRA) under sections 66E and 117I of the Water Industry Act 1991 require that if Severn Trent Water intends to make any significant changes to its primary wholesale charges, it should provide to the WSRA and publish a statement informing stakeholders of the scope of its proposed changes. This statement must be published no later than six months before our final Wholesale Charges.

Last year we announced a number of changes to our non-household charges including the phased removal of seasonal tariffs for intermediate and large users. We will complete that transition this year.

Non-households in Severn Trent's original area of appointment pay a small fixed charge to cover market-related costs such as fees from Market Operator Systems Ltd. We will extend this to non-households that were previously served by Dee Valley.

We also note that in 2021/22 our charges will be updated consistent with Ofwat's 2019 Final Determination. Our official K factors¹ next year are split between several controls which make up the wholesale services. However, it is possible to calculate effective wholesale K factors of -0.2% for water and -1.6% for wastewater. There are no in-period adjustments next year aside from inflation.

¹ Real change in wholesale revenues before inflation