

Significant changes in our wholesale charges

2022-23

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.

Standby tariff

The Standby tariff applies to premises that have an alternative supply capable of supplying at least 10,000m³ of water and also have a connection to our network. These customers may elect to reserve a volume of water from Severn Trent. They are charged at a volumetric charge on supplies up to this level, and a premium charge applies if the volume taken exceeds the reserved volume.

From 2022-23 we will require bookings to be made as a maximum monthly volume. This aligns with the way that the charge is currently calculated within the Central Market Operating System, which apportions an annual volume booking evenly across the charging year.

Other

We note that in 2022-23 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 -0.8% for water and -1.1% for wastewater. There will also be adjustments for:

- Outcome Delivery Incentives;
 - Corrections relating to under-recovery of revenue in 2020-21; and
 - Inflation, in line with the Consumer Price Index with Housing (CPIH).
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