

# **STATEMENT OF SIGNIFICANT CHANGES IN RELATION TO THE WHOLESALE CHARGING STRUCTURES**

**2020-2021**

## **Primary Wholesale Charges 2020-2021**

This statement of significant changes is published in line with the “Wholesale charging rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991” section A2.

We are required, no later than six months before publishing our final Wholesale Charges, to inform stakeholders if we intend to make any significant changes to our Primary charges.

As defined by Ofwat in the Wholesale Charging Rules, Wholesale Charges relate to the charges water and sewerage undertakers can impose on retailers for wholesale water and wastewater services.

There is one change to our methodology to ensure that we are compliant with the Wholesale Charges rules. We will be publishing separate Highway drainage charges for the year commencing 1 April 2020. We do not intend to make any further changes to the wholesale charging structure or methodology for calculating such charges.

We would like to highlight the potential impact of the timings of the 2019 Price Review (PR19) which will confirm our wholesale revenue allowances in the Final Determination (FD) as this will not be published until December 2019.

We will endeavour to set our Indicative Wholesale Charges, which will be published in October 2019, using a reasonable expectation of the allowed revenues that we will receive in the FD in December 2019.

However, we would anticipate that the Final Wholesale Charges will differ by more than an indexation variance to the Indicative Wholesale Charges.

As per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the Final Wholesale Charges.

## **Developing Retail and Wholesale Initiatives**

We are improving management of vacant premises and gap sites and will pilot retailer incentive schemes and wholesale initiatives before the end of 2019-2020. We will evaluate the most efficient way of managing voids and gap sites, which may result in a combination of incentive schemes and wholesale initiatives from 2020-2021 onwards.